

ALASKA STATE LEGISLATURE
SENATE RESOURCES STANDING COMMITTEE

March 23, 2020

3:44 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. 184

"An Act extending the fishery resource landing tax credit for certain taxpayers that harvest fishery resources under the provisions of a community development quota; providing for an effective date by amending the effective date of sec. 36, ch. 61, SLA 2014; and providing for an effective date."

- MOVED SB 184 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."

- <BILL HEARING CANCELED>

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 203 (FSH)

"An Act relating to transportation of live crab."

- MOVED CSHB 203 (FSH) OUT OF COMMITTEE

SENATE JOINT RESOLUTION NO. 15

Requesting the United States Congress to repeal sec. 20001(b)(5) of the Tax Cuts and Jobs Act to honor the Alaska Statehood Act with respect to the state's share of bonuses, royalties, and rentals from exploration and development in the coastal plain of the Arctic National Wildlife Refuge.

- MOVED SJR 15 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 184

SHORT TITLE: EXTEND FISHERY RESOURCE LAND. TAX CREDIT

SPONSOR(s): OLSON

02/12/20	(S)	READ THE FIRST TIME - REFERRALS
02/12/20	(S)	RES, FIN
03/13/20	(S)	RES AT 3:30 PM BUTROVICH 205
03/13/20	(S)	Heard & Held
03/13/20	(S)	MINUTE(RES)
03/23/20	(S)	RES AT 3:30 PM BUTROVICH 205

BILL: HB 203

SHORT TITLE: TRANSPORTATION OF LIVE CRAB

SPONSOR(s): KNOPP

01/21/20	(H)	READ THE FIRST TIME - REFERRALS
01/21/20	(H)	FSH, RES
01/30/20	(H)	FSH AT 11:00 AM GRUENBERG 120
01/30/20	(H)	Heard & Held
01/30/20	(H)	MINUTE(FSH)
02/04/20	(H)	FSH AT 11:00 AM GRUENBERG 120
02/04/20	(H)	Moved CSHB 203(FSH) Out of Committee
02/04/20	(H)	MINUTE(FSH)
02/05/20	(H)	FSH RPT CS(FSH) 5DP
02/05/20	(H)	DP: VANCE, KOPP, EDGMON, NEUMAN, STUTES
02/19/20	(H)	RES AT 1:00 PM BARNES 124
02/19/20	(H)	Heard & Held
02/19/20	(H)	MINUTE(RES)
02/21/20	(H)	RES AT 1:00 PM BARNES 124
02/21/20	(H)	Moved CSHB 203(FSH) Out of Committee
02/21/20	(H)	MINUTE(RES)
02/24/20	(H)	RES RPT CS(FSH) 6DP
02/24/20	(H)	DP: TUCK, HANNAN, TALERICO, HOPKINS, TARR, LINCOLN
03/05/20	(H)	TRANSMITTED TO (S)
03/05/20	(H)	VERSION: CSHB 203(FSH)
03/06/20	(S)	READ THE FIRST TIME - REFERRALS

03/06/20 (S) RES
03/16/20 (S) RES AT 3:30 PM BUTROVICH 205
03/16/20 (S) Heard & Held
03/16/20 (S) MINUTE (RES)
03/23/20 (S) RES AT 3:30 PM BUTROVICH 205

BILL: SJR 15

SHORT TITLE: STATE FULL SHARE OF PROFITS IN ANWR
SPONSOR(S): WIELECHOWSKI

02/05/20 (S) READ THE FIRST TIME - REFERRALS
02/05/20 (S) RES
03/13/20 (S) RES AT 3:30 PM BUTROVICH 205
03/13/20 (S) <Bill Hearing Canceled>
03/23/20 (S) RES AT 3:30 PM BUTROVICH 205

WITNESS REGISTER

SETH BEAVER, Staff
Senator Donny Olson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced SB 184 on behalf of the sponsor.

DENISE LICCIOLI, Staff
Senator Olson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions and provided information on SB 184.

NORMAN VAN VACTOR, Chief Executive Officer
Bristol Bay Economic Development Corporation
Dillingham, Alaska

POSITION STATEMENT: Testified in support of SB 184.

ANGEL DROBNICA, Director of Fisheries and Government Affairs
Aleutian Pribilof Island Community Development Association
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 184.

RICK WALICKI, Treasurer and Chief Financial Officer
Norton Sound Economic Development Corporation
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 184.

GERALD DAVIS, General Counsel

Yukon Delta Fisheries Development Association
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 184.

HEATHER MCCARTY, Consultant
Central Bering Sea Fishermen's Association
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 184.

INTIMAYO HARBISON, Staff
Representative Gary Knopp
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced HB 203 on behalf of the sponsor.

FORREST BOWERS, Deputy Director
Alaska Department of Fish and Game
Juneau, Alaska

POSITION STATEMENT: Answered questions regarding HB 203.

SENATOR BILL WIELECHOWSKI
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of SJR 15.

ALEXANDER SCHROEDER, Staff
Senator Bill Wielechowski
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced SJR 15 on behalf of the sponsor.

ACTION NARRATIVE

[3:44:49 PM](#)

CHAIR PETER MICCICHE called the Senate Resources Standing Committee meeting to order at 3:44 p.m. Present at the call to order were Senators Revak, Coghill, Bishop, Kawasaki, Kiehl, and Chair Micciche.

SB 184-EXTEND FISHERY RESOURCE LAND. TAX CREDIT

[3:45:49 PM](#)

CHAIR MICCICHE announced that the first order of business would be SENATE BILL NO. 184, "An Act extending the fishery resource landing tax credit for certain taxpayers that harvest fishery

resources under the provisions of a community development quota; providing for an effective date by amending the effective date of sec. 36, ch. 61, SLA 2014; and providing for an effective date."

[3:46:30 PM](#)

SETH BEAVER, Staff, Senator Donny Olson, Alaska State Legislature, Juneau, Alaska, stated that SB 184 would extend the termination date for the fishery resource landing tax credit for 10 years. The taxpayer contributions through the program are directed towards nonprofit corporations incorporated within the state for scholarships for study within the state, fisheries management training within the state, seafood industry employment, and capital contributions in the form of loans to construct or improve seafood transportation facilities such as docks.

CHAIR MICCICHE noted that he was not aware of any opposition to SB 184.

[3:47:40 PM](#)

DENISE LICCIOLI, Staff, Senator Donny Olson, Alaska State Legislature, Juneau, Alaska, said the sponsor sends his regrets for not attending the bill hearing due to illness.

MR. BEAVER summarized that SB 184 would extend the fishery resource landing tax credit termination date to December 31, 2030.

[3:48:02 PM](#)

CHAIR MICCICHE opened public testimony.

[3:48:34 PM](#)

NORMAN VAN VACTOR, Chief Executive Officer, Bristol Bay Economic Development Corporation, Dillingham, Alaska, testified in support of SB 184. He said the fishery resource landing tax credit has served the Bristol Bay region and the State of Alaska exceptionally well.

[3:49:01 PM](#)

ANGEL DROBNICA, Director of Fisheries and Government Affairs, Aleutian Pribilof Island Community Development Association, Juneau, Alaska, testified in support of SB 184. She said the Aleutian Pribilof Island Community Development Association (APICDA) is one of the six groups in the Community Development Quota (CDQ) Program. The CDQ Program has provided very important

sources of revenue for the Bering Sea and Aleutian Islands region that helps support the mission of APICDA.

MS. DROBNICA detailed that APICDA has received approximately \$600,000 in tax credit funds over the past 5 years. APICDA has expended funds on the statutorily allowable categories including training in the state for employment in the seafood industry and making capital contributions to fisheries processing facilities.

[3:50:21 PM](#)

RICK WALICKI, Treasurer and Chief Financial Officer, Norton Sound Economic Development Corporation, Anchorage, Alaska, testified in support of SB 184. He said the Norton Sound Economic Development Corporation (NSEDC) is one of the CDQ groups. They work with the Norton Sound Fund to spend tax credit funds on fisheries research and employment training for the Norton Sound region. He said they would like that to continue.

[3:51:00 PM](#)

GERALD DAVIS, General Counsel, Yukon Delta Fisheries Development Association, Anchorage, Alaska, testified in support of SB 184. He said the Yukon Delta Fisheries Development Association (YDFDA) is one of the six CDQ groups. He said YDFDA fully utilizes all aspects of the fishery resource landing tax credit. They use approximately \$100,000 a year from the tax credit to directly pay for all aspects of in-season fish testing on the Lower Yukon by the Alaska Department of Fish and Game (ADF&G). YDFDA will do even more in 2020 because ADF&G was reevaluating their efforts and the association would likely be picking up the scale sampling for the department. YDFDA uses the tax credit money without offsets, without administration fees, and directly pays the fisheries monitoring work on the Lower Yukon River.

[3:52:03 PM](#)

HEATHER MCCARTY, Consultant, Central Bering Sea Fishermen's Association, Juneau, Alaska, testified in support of SB 184. She said the Central Bering Sea Fishermen's Association (CBSFA) represents St. Paul in the Pribilof Islands as one of the six CDQ groups. The funds that CBSFA has received and expended under the tax credit program have helped the association support several important scientific undertakings that have directly benefited both community fishermen and the marine resources that the region depends on, notably halibut and crab. CBSFA has supported funding for studies for the International Pacific Halibut Commission (IPHC) regarding the affective water temperature on halibut movement, whale degradation, and blue

king crab restoration for the Pribilof Islands. CBSFA could not have funded the important studies without the tax credit funds.

[3:53:06 PM](#)

CHAIR MICCICHE closed public testimony.

[3:53:28 PM](#)

SENATOR COGHILL moved to report SB 184, work order 31-LS1539\A, from committee with individual recommendations and attached fiscal note.

[3:53:36 PM](#)

CHAIR MICCICHE found no objection and SB 184 was reported from the Senate Resources Standing Committee.

HB 203-TRANSPORTATION OF LIVE CRAB

[3:53:48 PM](#)

CHAIR MICCICHE announced that the next order of business would be CS FOR HOUSE BILL NO. 203(FSH), "An Act relating to transportation of live crab."

[3:54:16 PM](#)

INTIMAYO HARBISON, Staff, Representative Gary Knopp, Alaska State Legislature, Juneau, Alaska, said HB 203 would remove the restrictions on surface transport of King crab, Dungeness crab, and Tanner crab.

Responding to Senator Coghill's earlier question about the effective date for HB 203, he said the sponsor believes that the standard 90-day effective date is more than sufficient because the crabbing season will be over at that time.

He noted that Senator Kiehl also had a question during the previous hearing that the Alaska Department of Fish and Game (ADF&G) would answer.

SENATOR KIEHL restated his question which was whether ADF&G has any biological concerns should a "crab spill" occur during transportation.

[3:55:39 PM](#)

FORREST BOWERS, Deputy Director, Alaska Department of Fish and Game, Juneau, Alaska, answered that the department does not have any biological concerns about a crab spill. He pointed out that normal crab fishing practices keep crabs alive in circulating seawater tanks for up to two or three weeks. Fishermen move live

crab from the Bering Sea throughout the state to various ports including Kodiak, Homer, and Southeast Alaska. There is risk of disease and parasitic transfer, but a lot of elements would have to align for that to happen. He summarized that the department does not have concerns regarding the current practice of shipping live crab or what HB 203 proposes.

[3:57:41 PM](#)

CHAIR MICCICHE closed public testimony.

He commented that SB 184 and HB 203 are important bills and noted that neither has a fiscal note. He said the legislature will have to help people get back to work and get the most value of the state's resources once the difficulty related to COVID-19 ends. He asked for a motion.

[3:58:07 PM](#)

SENATOR COGHILL moved to report CSHB 203(FSH), work order 31-LS1405\U, from committee with individual recommendations and attached fiscal note.

[3:58:17 PM](#)

CHAIR MICCICHE found no objection and CSHB 203(FSH) was reported from the Senate Resources Standing Committee.

SJR 15-STATE FULL SHARE OF PROFITS IN ANWR

[3:58:24 PM](#)

CHAIR MICCICHE announced that the final order of business would be SENATE JOINT RESOLUTION NO. 15, requesting the United States Congress to repeal sec. 20001(b)(5) of the Tax Cuts and Jobs Act to honor the Alaska Statehood Act with respect to the state's share of bonuses, royalties, and rentals from exploration and development in the coastal plain of the Arctic National Wildlife Refuge.

[3:58:42 PM](#)

SENATOR BILL WIELECHOWSKI, Alaska State Legislature, Juneau, Alaska, sponsor of SJR 15, thanked the committee for hearing SJR 15 and noted that his intern would present the resolution.

[3:59:00 PM](#)

ALEXANDER SCHROEDER, Staff, Senator Wielechowski, Alaska State Legislature, Juneau, Alaska, said SJR 15 urges Congress to repeal section 20001(b)(5) of the Tax Cuts and Jobs Act of 2017, a bill that opened federally owned land in the Arctic National Wildlife Refuge (ANWR) for oil, gas, and mining leasing and

exploration. That bill changed the revenue sharing promise made at statehood between the State of Alaska and the federal government from 90 percent to 50 percent.

MR. SCHROEDER explained that the Alaska Statehood Act adopted part of the Mineral Leasing Act to protect the State's mineral rights. Section 28(b) in the Alaska Statehood Act asserts that the State would receive 90 percent of oil and gas revenue from federal land. Lawmakers appropriately decided to ensure Alaska realized its economic potential via passage of the Alaska Statehood Act.

He said reducing Alaska's share from 90 percent to 50 percent already has projected consequences. While most revenues from ANWR are unprojectable, bonus lease sale revenues are already determined with certainty by the Congressional Budget Office (CBO) 2017 analysis. That analysis estimated that gross bonus lease sales from 800,000 acres out of the total 1.5 million acres would be approximately \$2.2 billion over a 10-year period. The difference between the State receiving a 90 percent versus a 50 percent revenue share is \$880 million.

MR. SCHROEDER summarized that SJR 15 asks Congress to repeal section 20001(b)(5) of the Tax Cuts and Jobs Act and return revenue sharing to the 90/10 agreement. SJR 15 would show that the federal government recognizes the importance of why it made a promise to the people of Alaska when the State was admitted into the union.

[4:02:34 PM](#)

SENATOR KAWASAKI said he does not understand why Congress changed the share percentage to 50 percent in the Tax Cuts and Jobs Act. He asked if there was anything in the congressional record that indicated whether the change was necessary or just an oversight.

SENATOR WIELECHOWSKI said he presumes that the Alaska congressional delegation did what they needed to do to get the votes. However, the Alaska Statehood Act clearly states that Alaska is to get 90 percent. The U.S. Secretary of Interior during the statehood campaign said, "The Statehood Act reaffirms Alaska's preferential treatment in receiving 90 percent of all revenues from oil, gas, and coal leasing on the public domain." The people of Alaska voted on statehood based on the promise by the federal government and in the language of the Alaska Statehood Act that clearly gives the state 90 percent. It is something Congress should have considered. Congressional deals

should not trump what was promised in the Alaska Statehood Act, he said.

[4:04:14 PM](#)

CHAIR MICCICHE said the Alaska congressional delegation probably decided that 50 percent of something was better than 90 percent of nothing. He said he hates to second-guess that decision, but the resolution brings up a point that is worthy of discussion.

SENATOR WIELECHOWSKI related that in a previous year he introduced a floor amendment urging Congress to honor what he is proposing. There was wide spread support, but Senate members recommended a resolution instead of an amendment and that's before the committee now.

He said he believes that the State must constantly reassert its right to the promises that the federal government made or it could lose those rights under the theory in law called "laches or waiver." That is that rights that are not asserted may be lost. He said it's important for the State to assert its rights forestalling potential future federal rollbacks.

CHAIR MICCICHE said he appreciates the resolution and the discussion. He agreed that Alaska needs to be vigilant to prevent further erosion of the State's rights.

He asked Senator Coghill if he had any comments or questions since he has expertise in the areas of Alaska's constitution, statehood, and ANILCA.

[4:07:00 PM](#)

SENATOR COGHILL thanked Senator Wielechowski for bringing the resolution forward and said he is exactly right. He said the resolution is totally appropriate as both a statement of fact and a political pressure point.

He recalled that he struggled with the amendment that Senator Wielechowski referenced because the legislature was in the middle of asking the congressional delegation for help with something else. However, the legislature must continuously remind the delegation to bargain more for Alaska, especially when major banks are now bailing on the state's Arctic resource base while the federal government does not help.

SENATOR COGHILL said he has not studied every word of SJR 15, but it is appropriate. Without the resolution, people will say

Alaskans did not say anything when the federal government reduced the revenue sharing to 50 percent.

[4:09:19 PM](#)

CHAIR MICCICHE said he would like to have a conversation with a staff member from the congressional delegation to provide their take on the Tax Cuts and Jobs Act. He noted that the committee will see what time it has during the legislative session based upon pending COVID-19 decisions.

He remarked that he does not think the congressional delegation would relinquish the State's rights easily. He said he thinks it must have been their only solution, much like the public knowing why state legislators do the things they do.

SENATOR COGHILL suggested that to expedite the resolution, the sponsor could further explain section 20001(b)(5) in the Tax Cuts and Jobs Act that the resolution requests for repeal.

CHAIR MICCICHE replied that he did not know how realistic the request for expediting the resolution was due to the intent of legislators to leave Juneau within the next couple of days because of COVID-19.

[4:11:10 PM](#)

SENATOR WIELECHOWSKI explained that section 20001(b)(5) in the Tax Cuts Act reduces the payment to the State of Alaska on rental and bonus receipts derived from oil and gas program operations on federal land from 90 percent to 50 percent. The section makes the change despite the Mineral Leasing Act that authorized the 90 percent payment. The Alaska Statehood Act relied on the Mineral Leasing Act.

SENATOR COGHILL said with Chair Micciche's permission that the resolution could move up to Senate Rules, a committee he chairs. He noted that he addressed specific questions to prepare certain members before the resolution gets to the Senate floor.

SENATOR COGHILL moved to report SJR 15 from committee.

CHAIR MICCICHE stated that he did not mind the motion but emphasized that he wanted to be part of the discussion. He said he had a problem with the committee not involving the people that made the decision on the Tax Cuts and Jobs Act.

SENATOR COGHILL conceded that the legislature should have said something last year, but the timing was bad due to a commitment he made to a congressional delegation member on another front.

CHAIR MICCICHE noted that Senator Coghill previously made a motion on SJR 15.

[4:13:26 PM](#)

SENATOR COGHILL restated his motion to report SJR 15, work order 31-LS1378\K, from committee with individual recommendations and attached fiscal note.

CHAIR MICCICHE asked if anyone in the room or online wished to testify. Finding no one, he closed public testimony.

[4:14:09 PM](#)

CHAIR MICCICHE found no objection to the motion and SJR 15 was reported from the Senate Resources Standing Committee.

[4:14:17 PM](#)

There being no further business to come before the committee, Chair Micciche adjourned the Senate Resources Standing Committee meeting at 4:14 p.m.