

HOUSE FINANCE COMMITTEE  
March 9, 2022  
9:02 a.m.

9:02:27 AM

CALL TO ORDER

Co-Chair Merrick called the House Finance Committee meeting to order at 9:02 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair  
Representative Kelly Merrick, Co-Chair  
Representative Dan Ortiz, Vice-Chair  
Representative Bryce Edgmon  
Representative DeLena Johnson  
Representative Andy Josephson  
Representative Bart LeBon  
Representative Steve Thompson (via teleconference)  
Representative Adam Wool

MEMBERS ABSENT

Representative Ben Carpenter  
Representative Sara Rasmussen

ALSO PRESENT

Representative Mike Cronk, Sponsor; Sue Stancliff, Staff,  
Representative Mike Cronk; Sean Clifton, Policy and Program  
Specialist, Division of Oil and Gas, Department of Natural  
Resources; Norman McDonald, Chief of Fire and Aviation,  
Division of Forestry, Department of Natural Resources.

SUMMARY

HB 135      GEOTHERMAL RESOURCES

HB 135 was HEARD and HELD in committee for  
further consideration.

HB 209      EMERGENCY FIREFIGHTERS

CSHB 209(FIN) was REPORTED out of committee with five "do pass" recommendations and two "no recommendation" recommendations and with one previously published zero fiscal note: FN1 (DNR).

Co-Chair Merrick reviewed the meeting agenda.

#hb209

HOUSE BILL NO. 209

"An Act relating to emergency firefighters."

9:03:11 AM

REPRESENTATIVE MIKE CRONK, SPONSOR, introduced the bill with prepared remarks:

HB 209 authorizes the commissioner of the Department of Natural Resources to hire emergency firefighter personnel using general fund appropriations by amending AS 41.15.030(b) allowing the use of general funds to pay EFF personnel. They would be able to perform nonemergency work such as hazardous fuel reduction, fuel break development, fire prevention, habitat restoration, or improvement activities in fire prone areas. In addition, this would provide economic opportunities for Alaskans to enhance public safety, to empower rural Alaskans to responsibly manage the state's natural resources, and to protect and save human lives. Such nonemergency work could reduce the likelihood, intensity, and damage of wildland fires near populated areas and could bring significant reductions in the state cost of fighting future fires.

Steady employment opportunities for mostly rural based firefighting crews would strengthen local economy's family life and enhance public safety. Employing EFFs during nonemergency would provide training, fitness, and readiness for when a wildfire does occur. The number of EFF personnel that may be interested in applying for permanent DNR jobs would increase, which would help with recruitment. Based on legislative history, amending AS 41.15.030(b)'s last sentence does not appear to yield any constitutional or legal problems. In 1996 the legislature added the last sentence of AS 41.15.030(b) to address concerns about conflicts with AS 39.25.195 of the Alaska Personnel

Act. Specifically, that short-term nonpermanent employees would become full-time employees. However, in 2000, the legislature amended AS.39.25.195 to allow for long-term nonpermanent employees. Due to this amendment, the apparent concerns expressed by the legislature in 1996 warranting the inclusion of the last sentence to AS 41.15.030(b) no longer exists.

Representative Cronk shared that he had been an emergency firefighter in college. He detailed that in the early 1990s there had been approximately 70 crews fighting fires in rural Alaska. He elaborated that when the crews finished fighting fires in Alaska, they were sent down to fight fires in the Lower 48. He believed the number of crews was down to about 20 at present. He reported that it had been a concern of his for the past 10 years during which time he had been fighting fires. He remarked on the large decline in the number of crews. He recalled working with crewmembers from Hooper Bay, Chevak, and Allakaket. He was concerned the state had been importing a large number of people from the Lower 48 to fight Alaska's fires. The bill would get fire crews back in rural Alaska and would keep the state's money in Alaska by using its residents as firefighters.

Vice-Chair Ortiz asked whether the Department of Natural Resources (DNR) did not currently have the resources or authority to hire personnel with general funds.

Representative Cronk replied that DNR did not currently have the authority. The bill would provide the department with the needed authority [to hire personnel with general funds].

Co-Chair Merrick noted the department was available online to answer questions.

Vice-Chair Ortiz spoke about the past when there had been many more people from Alaska doing the work. He asked if DNR had possessed the authority in the past.

Representative Cronk deferred to his staff.

SUE STANCLIFF, STAFF, REPRESENTATIVE MIKE CRONK, replied that the department had the authority in the past, but it had been cut back in 1996. The department had decided to use emergency firefighters only under high fire danger or

in incident related occurrences. The department had been unable to hire emergency firefighters for mitigation. She explained that when the authority had been lost, the department started charging incidents or high fire directly. She clarified if there had not been a high fire danger and personnel had been brought on as high fire responders, the department would have to let the individuals go if there was not a high fire likelihood. She elaborated the individuals could be working for a couple of days and then released. She stated it was counterproductive.

[9:08:55 AM](#)

Representative LeBon thought the bill would allow for the utilization of fire crews to help prepare and prevent wildfires. He stated there would be a fire season, but how bad the fire season would be was unknown. He asked if the hope was the bill would result in the prevention of some fires and the cost associated with fighting those fires; balancing the fiscal impact out as a result.

Representative Cronk answered that it was the hope. He believed the prevention work would help. He shared that a substantial amount of fire mitigation had been done around his community of Tok. The bill would allow the state's crews to be trained and it would mitigate the chance of fire or serious fires that could result in the loss of homes.

[9:10:42 AM](#)

NORMAN MCDONALD, CHIEF OF FIRE AND AVIATION, DIVISION OF FORESTRY, DEPARTMENT OF NATURAL RESOURCES (via teleconference), read from prepared remarks in support of the legislation:

I'm pleased to speak with you today about the division's support of House Bill 209. This bill is a manifestation of Alaska's need to build firefighting capacity as we face a rapidly increasing wildland fire challenge. House Bill 209 will help the division's fire program achieve primary missions of protecting Alaskans from wildland fire and preventing wildland fires through hazardous fuels mitigation and fire breaks. This bill also provides jobs and trainings for

rural Alaskans throughout fire-prone areas of the state.

As Representative Cronk explained, removing the funding impediment of Alaska Statute 41.15.030 will allow DNR to use already allocated general funds to pay emergency firefighters for nonemergency fire prevention work during periods of low fire activity and shoulder seasons both spring and fall.

We have two major benefits. The first is nonemergency fire prevention work. For example, cutting trees and creating fuel breaks will provide a training ground for EFF employees to learn valuable crossover firefighting skills and will also create consistent, desirable jobs for rural Alaskans. Currently when fire danger decreases, the crews are laid off and they go away until we have high fire danger again. This creates an unstable job and workforce. Most firefighters from rural villages have chosen to find other certain employment elsewhere. The second is we can leverage this workforce to drastically improve our ability to install fuel breaks throughout communities and prevent and moderate fires when they occur, saving potentially tens of millions of dollars in future fire suppression costs.

Please note while this bill allows general funds to be used for EFF and nonemergency tasks, we would use funds already appropriated to fuels reduction and prevention work, thus a zero fiscal note. In the last two years DOF has received generous allocations for hazard fuel reduction from the state, and additional federal funds for fuels mitigation. Both sources of funding could be used to pay for EFF work, which will be limited to fire response and fire prevention related activities.

The DOF firefighting mission had increased dramatically as Alaska and the nation face more intense and longer fire seasons, threatening Alaskans, our home, and our property as more of us move into the fire prone wildland urban interface. DOF currently does not have sufficient personnel to staff for both fire suppression and fuels reduction. In the past, EFF crews supplemented our permanent workforce. The lack of workforce and EFF crews, however, have led to

drastic declines in their number, from approximately 56 crews in 2010 to under 8 in 2021. The division is now critically understaffed, and we rely on importing Lower 48 crews to replace those important EFF resources.

There are several problems with substituting EFF crews for the imported resources. The first is Lower 48 crews are not readily available. We compete with every other state for these crews and during high activity in the Lower 48 we are not always able to receive that help. Response times can be as long as 72 hours, a quick aggressive initial attack with local forces is what limits the fire site and duration and that's what reduces the overall fire cost.

[9:14:17 AM](#)

Mr. McDonald continued to speak to the bill from prepared remarks:

The cost to import firefighters and support staff, far exceeds using Alaska resources. For example, on a fire assignment, a 22-person Alaskan crew costs \$6,500 per day, while a 22-person Lower 48 crew costs twice that at \$13,500 a day. Lower 48 crews are not familiar with Alaska fuel types and fire behavior. Alaska crews are better able to fight our fires because they know the most effective tactics for our landscape. So, House Bill 209 will help us rebuild our EFF crews to help create a self-sufficient Alaskan firefighting force that will reduce the likelihood, intensity, and damage of wildland fires near populated areas and will reduce the state's firefighting cost. Where the EFF resources are the most benefit will be in our rural communities where access to contracted resources and heavy equipment is limited. Without these EFF crews, our rural communities may not receive the same level of prevention work and fire protection as roadside communities.

I would say that House Bill 209 dovetails perfectly with the division's request in the governor's budget to reinstate the wildland fire academy. Our intent with this is to focus on workforce development and building back Alaska's wildland fire capacity. Training firefighters in rural communities will help

us build our pool of recruits to work on fuels projects and fire suppression. In short, House Bill 209 provides secure jobs for rural-based firefighting crews, it strengthens our local economies and enhances public safety.

[9:15:37 AM](#)

Representative Wool referenced the department's zero fiscal note. He observed the bill would add full-time crews to perform mitigation work when they were not fighting fires. He assumed the positions would be year-round. He surmised the funds to pay for the mitigation work, including cutting down fuel lines to protect populated areas from fires, would come out of emergency funding. He thought it would mean less funding would be available when there were fires to fight. He remarked that in the past there had been supplemental funds required for the emergency firefighting budget due to fires. He commented on the unpredictability of where wildland fires would occur as a result of lightning strikes. He asked if the bill would take funds away from the emergency firefighting budget. He asked for verification that the mitigation work would not necessarily prevent fires, but it would prevent damage to populated areas.

Mr. McDonald answered that the emergency firefighting crews were brought on when needed and would not operate year-round. He detailed that the crews would be paid from two sources. The first was a suppression component, which was used when crews were assigned to a wildland fire. He elaborated that the fund source would also be used if crews were on standby during high fire danger to be ready to respond to a fire. The second component was part of the fuel CIP, which was provided two years ago. The funds had already been allocated and were in place for fuels reduction work. Additionally, there were several types of federal grants allocated for fuels work. The department was anticipating the availability of millions of additional dollars available to states through the federal infrastructure bill in the next couple of years.

Mr. McDonald clarified that crews would not work on the suppression component unless they were on a fire. He explained that the suppression component was only for wildland firefighting. When crews operated on fuels, they

would be paid for with state funds via a pre-authorized CIP or with two different federal grants.

Mr. McDonald addressed the second part of Representative Wool's question related to the placement of the fuel breaks that crews would work on. He confirmed that fuels projects did not reduce the number of fire starts. He explained the placement of fuel breaks in strategic locations around the state saved the state money in the long run. For example, a fuel break had been used in Fairbanks behind the Murphy Dome subdivisions in 2019 to protect the subdivisions from a wildland fire that originated in the drainage below. He detailed that the cost would have been in the tens of millions of dollars if the fire had reached the subdivisions. He noted the number did not factor in the cost associated with damage to homes and infrastructure. He explained the placement of the fuel breaks was key and had resulted in success from Fairbanks to Kenai. The division planned to continue the successful model.

[9:19:30 AM](#)

Representative Wool recalled the 2019 Murphy Dome incident and others. He observed that the current model had been successful. He appreciated the desire to keep more people employed for longer. He asked for detail on what the workers' schedules would be.

Mr. McDonald answered that currently the emergency firefighters were called when needed for wildland fire only. He detailed the individuals worked on a crew suppressing a fire or when there was high fire danger. He explained the individuals were released once the weather changed and it rained. The emergency firefighters were considered an on call type of resource and the current statute stated the department could only bring them on for fire suppression or preparedness, which was limiting. The intent of the bill was related to the fuels component, which the department currently did not have. He stated that the bill dovetailed very nicely with the division's training program. He elaborated the division intended to begin training crews in April to have them ready by May 1 when the fire season began. The individuals would not be assigned to fires, they would work on fuels projects to protect communities. Additionally, the individuals would build skills that crossed over to wildland fires using chainsaws, manual labor, and physical fitness. The

individuals would be ready and available for a fire; therefore, if a fire began, the individuals would be transition from a fuels project directly to an initial attack or new start to quickly suppress the fire. He was concerned that without the resources available, the state had to rely on importing Lower 48 crews during the season. He detailed that it resulted in a delay in getting resources to fires, which caused larger, more expensive, and complex incidents.

[9:21:57 AM](#)

Representative Wool stated his understanding of the work the crew would do. He asked if the firefighters would stay on full-time for an entire season instead of being on call for fire emergencies only. He asked if the funding source would switch when the individuals were working on fires and fuel lines.

Mr. McDonald agreed. He relayed there was currently substantial federal and state CIP funding available to perform the work. He characterized it as an opportunity to strike while the iron was hot. The intent was to have the individuals working during spring and fall shoulder seasons and working on fuels projects during fire season, meaning they would be ready and available on short notice for an initial response to a wildland fire. He furthered that while the workers were on a fuels project they would be funded and paid with allocated funding for the fuels project via state CIP or federal funds. He expounded that if the individuals were assigned to an incident, their charge code would change.

Representative Wool began to ask about a scenario where federal or fuel remediation funds ran out.

Co-Chair Merrick noted the committee would come back to Mr. McDonald due to audio problems.

[9:23:56 AM](#)

Representative LeBon remarked there were a substantial number of dead trees due to spruce beetle kill. He cited locations in Kenai and Mat-Su as examples. He asked if part of the program was aimed at reducing the fire risk caused by dead trees. He understood there were too many to cut down.

Representative Cronk replied that the question was best for Mr. McDonald. He believed part of the goal of building fire breaks was to remove fire hazards including dead trees. He highlighted the bill would enable the departments to work together. He detailed that Mat-Su was trying to get logging companies to harvest the trees for use. He noted there was an individual in the area who was milling the trees and building homes with the lumber.

Representative LeBon recalled a supplemental budget request four years earlier as a result of a substantial fire season the prior summer. He remarked that it was not possible to know what kind of fire season there would be. He thought the work enabled by the bill was money well spent if it was an insurance policy to prevent the extreme from happening.

[9:25:58 AM](#)

Representative LeBon restated his earlier question for Mr. McDonald. He remarked there were a substantial number of dead trees due to spruce beetle kill. He cited locations in Kenai and Mat-Su as examples. He asked if part of the program was aimed at reducing the fire risk caused by dead trees.

Mr. McDonald answered that beetle kill was one of the targets. The division used a couple of different types of fuel breaks. He detailed crews cut traditional swaths through trees and shaded fuel breaks, which was a successful model for beetle kill around specific tactical areas. For example, there was a project around the university in Kenai where the dead and downed trees were removed, and healthy trees were limbed up to provide a healthy forest and reduce the fire hazard.

Representative LeBon asked for verification the program would enable the department to get ahead of the work in an effective way.

Mr. McDonald agreed.

[9:27:52 AM](#)

Representative Wool referenced Mr. McDonald's earlier statement about striking while the iron was hot. He highlighted the federal or state CIP funding available for

the fuel remediation work. He stated his understanding there would still be funding for emergency firefighting available if the funding sources dried up. He believed the bill allowed for one kind of funding to pay for the crews for non-firefighting purposes. He asked for verification that a loss of the federal and state CIP funding would not impact the funding source for firefighting itself.

Mr. McDonald agreed. He elaborated that if the fuels funding was no longer available, it would not change the firefighting component, which would still be allowed and authorized.

Representative Wool asked who was currently doing the fuel remediation.

Representative Cronk speculated that much of the work was likely mechanical removal. He deferred the question to Mr. McDonald.

Representative Wool restated his question for Mr. McDonald.

Mr. McDonald responded that the plan was to use a multifaceted approach including private contracts and local contractors for some of the work. The division had three agency crews that did fuels work when they were not on fires. He noted the time the agency crews were available to perform fuels work was becoming less and less due to lengthening fire seasons in Alaska and the Lower 48. The division used two contract crews with TCC [Tanana Chiefs Conference] and Chugachmiut for fires and fuels. He relayed the aforementioned resources were not sufficient for the fire seasons and fuels. The bill would augment the existing resources.

[9:32:04 AM](#)

Co-Chair Merrick OPENED and CLOSED public testimony.

[9:32:27 AM](#)

AT EASE

[9:37:22 AM](#)

RECONVENED

Representative LeBon MOVED to ADOPT Amendment 1, 32-LS0929\A.1 (Bullard/Radford, 3/1/22) (copy on file):

Page 1, line 1, following "firefighters":  
Insert "; and providing for an effective date"

Page 2, following line 1:  
Insert a new bill section to read:  
"\*Sec.2. This Act takes effect immediately under AS  
01.10.070(c)."

Co-Chair Merrick OBJECTED for discussion.

Representative LeBon explained the amendment provided for an effective date, which would take effect immediately after passage of the bill.

Co-Chair Merrick WITHDREW her OBJECTION.

There being NO further OBJECTION, Amendment 1 was ADOPTED.

[9:38:06 AM](#)

AT EASE

[9:38:25 AM](#)

RECONVENED

Vice-Chair Ortiz MOVED to REPORT CSHB 209(FIN) out of committee with individual recommendations and the accompanying fiscal note.

CSHB 209(FIN) was REPORTED out of committee with five "do pass" recommendations and two "no recommendation" recommendations and with one previously published zero fiscal note: FN1 (DNR).

[9:38:59 AM](#)

AT EASE

[9:39:29 AM](#)

RECONVENED

#hb135

HOUSE BILL NO. 135

"An Act relating to geothermal resources; relating to the definition of 'geothermal resources'; and providing for an effective date."

9:39:33 AM

SEAN CLIFTON, POLICY AND PROGRAM SPECIALIST, DIVISION OF OIL AND GAS, DEPARTMENT OF NATURAL RESOURCES, provided a PowerPoint presentation titled "HB 135 Geothermal Resources: House Finance Committee," dated March 9, 2022 (copy on file). He began on slide 4 and explained the bill's primary purpose was to modernize Alaska's geothermal exploration program. He explained there had not been significant interest and experience in geothermal leasing and exploration on Alaska state lands. He highlighted that the state had done substantial updating of statutes for oil and gas, meanwhile the geothermal statutes had languished. The bill would bring the geothermal statutes up to date, which the administration hoped would encourage new exploration and development of geothermal projects to get new resources to rural communities and create jobs.

Mr. Clifton explained the bill would align the state's geothermal licensing program with the existing oil and gas exploration license program, which had been receiving significant attention over the past several years. The administration believed the model would be successful for geothermal as well. He explained that the bill would provide companies a bit more time to identify and prove resources. Additionally, the bill would expand the acreage a party would have to explore, secured within the license. He highlighted the importance of the update because geothermal systems typically covered very large areas. The bill would revise the definition of geothermal resources to focus on commercial use. He noted it had been implied in the past, but the goal was to make it clear that the Department of Natural Resources (DNR) had no interest in requiring the regulation of private users of geothermal resources.

9:43:10 AM

Mr. Clifton turned to slide 5 and discussed DNR geothermal leasing/permitting history. He relayed that DNR had not given substantial attention to geothermal resources historically. The department had held three lease sales between 1983 and 2008 in the Mount Spur area. There had been some leases issued. He noted there was information on the department's website related to some drilling that took place in 2008. He expounded that in 2013 a tract had been issued in a lease sale for Augustine Island. There were

currently two geothermal prospecting permits issued for the Mount Spur area in addition to an application for Augustine Island under review. He explained that the bill would extend the prospecting permits and include them in the exploration licensing program enabled by the legislation.

Representative Josephson referenced the definitional reform addressed on slide 4. He did not have a visual sense of what it would take to stop regulating domestic, non-commercial, or small scale industrial use. He asked for detail.

Mr. Clifton answered that the state did not currently regulate any geothermal activity on state lands. The administration was seeking to make the commercial use aspect explicit, but it was already implied under current statutes. The goal was to make it clear that DNR did not want to interfere with people trying to use hot springs or ground source heat pumps to heat their cabins or potentially generate electricity. The administration wanted to clarify the focus was on commercial grade geothermal resources that were typically much deeper and more expensive to develop (in the range of many millions of dollars). He noted the bill did not change anything for existing development.

[9:45:54 AM](#)

Mr. Clifton turned to slide 6 and reviewed the DNR leasing/permitting process. He detailed that when the department received an application it issued a call for competing proposals. He explained it was a typical public notice to seek any other companies that may want to bid for the same prospect. He elaborated that DNR was required to issue a lease sale if any interest was received. He noted the process was the same for oil and gas. He expounded that if DNR did not receive any competing proposals, it issued a best interest finding for the prospecting permit. The information was put out for public notice throughout the process. The department also conducted interagency reviews in order for other state and federal agencies and boroughs to participate in the process. He noted that DNR solicited the participation before the preliminary finding was issued. Once the finding was issued, DNR received comments and revised the finding as needed, resulting in the issuance of a final finding. After the final finding was

issued and the applicant was satisfied with the terms, DNR would issue the permit.

9:47:08 AM

Representative Josephson asked about the notice and opportunity to be heard by the public on lease sales. He asked if the public had an opportunity to speak in opposition to a proposed lease sale at a public hearing.

Mr. Clifton answered that public hearings were not held. The department issued public notices and solicited for written comment. He elaborated the comments could come in the form of a letter, email, and via telephone.

Representative Josephson asked if it was the way DNR typically dealt with other proposals and lease sales on state land.

Mr. Clifton replied affirmatively. He noted that public hearings were not required by statute or regulation. The department provided public notice and opportunity for comment.

Mr. Clifton briefly looked at a sectional summary on slide 7. He addressed Section 2, the private use exemption on slide 9. He explained that a prospecting license or lease was not required under the section to explore for, develop, or use geothermal resources if the geothermal resource was intended for domestic, noncommercial, or small-scale industrial use. He pointed out that the definition explicitly excluded private geothermal users from the requirement to apply for a lease license.

Representative Wool asked how to differentiate between commercial and small scale industrial.

Mr. Clifton answered that it was not currently defined. The goal was to have the language vague for a reason. He explained the need for flexibility in order to assess the nuances of a situation. He provided a hypothetical scenario where a fish processing plant or logging processing plant had a remote operation and were able to tap into a hot spring for the purpose of power generation for their plants. He stated that perhaps the plants also had cabins nearby. He detailed that perhaps the plants were generating 10 megawatts to fuel their operation and they sold 0.8

megawatts to the neighboring cabins. He explained that under the scenario it would not be in the state's best interest to try to regulate the plants and extract very miniscule royalties. He classified the example as small scale industrial and explained it would not be worth the state's time.

[9:52:37 AM](#)

Representative Wool asked if the regulation of geothermal purposes was primarily for situations where power was being sold and not for situations where the resource was being used for internal consumption by a user.

Mr. Clifton answered that part of the problem with trying to develop a definition was due to the fact the state did not have any experience in regulating geothermal resources. There were not many examples of industrial or commercial geothermal operations globally. He stated that most was explicitly commercial (i.e., run by a power company or a government such as Iceland). He explained that if the state tried to minutely define the details, it would have to be arbitrary simply because the information was not known. He explained it was the reason the administration wanted to leave it open for specifying in regulations later on or to have the ability to handle nuances in the context of a best interest finding where the commissioner could determine the definition based on a situation.

Co-Chair Merrick relayed that the committee would hear from the testifier at a future meeting.

HB 209 was HEARD and HELD in committee for further consideration.

Co-Chair Merrick reviewed the schedule for the following meeting.

#  
ADJOURNMENT

[9:53:54 AM](#)

The meeting was adjourned at 9:54 a.m.