

SENATE FINANCE COMMITTEE

May 15, 2021

10:37 a.m.

10:37:00 AM

CALL TO ORDER

called the Senate Finance Committee meeting to order at 10:37 a.m.

MEMBERS PRESENT

Senator Click Bishop, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Lyman Hoffman
Senator Donny Olson
Senator Natasha von Imhof
Senator Bill Wielechowski (via teleconference)
Senator David Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Neil Steininger, Director, Office of Management and Budget, Office of the Governor.

PRESENT VIA TELECONFERENCE

Doug Vincent-Lang, Commissioner, Department of Fish and Game; Alan Weitzner, Executive Director, Alaska Industrial Development and Export Authority, Department of Commerce, Community and Economic Development; John Linnell, Deputy Director, Central Region, Department of Transportation and Public Facilities; Brent Goodrum, Deputy Commissioner, Department of Natural Resources; Steven Masterman, Director, Division of Geological and Geophysical Surveys, Department of Natural Resources; Marty Parsons, Director, Division of Mining, Land, and Water, Department of Natural Resources; David Schade, Director, Division of Agriculture.

SUMMARY

SB 50 APPROP: CAP; REAPPROP; SUPP; AMEND

SB 50 was HEARD and HELD in committee for further consideration.

CSHB 69(FIN) am(brf sup maj fld)(efd fld)
 APPROP: OPERATING BUDGET/LOANS/FUNDS

CSHB 69(FIN) am(brf sup maj fld)(efd fld) was HEARD and HELD in committee for further consideration.

CSHB 71(FIN) am
 APPROP: MENTAL HEALTH BUDGET

CSHB 71(FIN) am was HEARD and HELD in committee for further consideration.

#sb50
#hb69
#hb71

CS FOR HOUSE BILL NO. 69(FIN) am(brf sup maj fld)(efd fld)

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; and making capital appropriations, supplemental appropriations, and reappropriations."

CS FOR HOUSE BILL NO. 71(FIN) am

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; making supplemental appropriations; and providing for an effective date."

SENATE BILL NO. 50

"An Act making appropriations, including capital appropriations, reappropriations, and other appropriations; making supplemental appropriations; making appropriations to capitalize funds; and providing for an effective date."

[10:37:40 AM](#)

Co-Chair Bishop noted that the Capital Budget amendments under discussion had been proposed on May 6, 2021 and May 11, 2021. He mentioned there were two packets of amendments to consider: Packet A, with amendments proposed on May 6, and packet B, proposed on May 11.

[10:38:50 AM](#)

NEIL STEININGER, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET, OFFICE OF THE GOVERNOR, addressed Packet A of proposed amendments transmitted on May 6, 2021. He noted that both operating and capital items were included in the packet, as the operating items were offsetting unrestricted general fund (UGF) costs within the Department of Transportation (DOT), which were then being utilized to fund priority projects in the Capital Budget. The total of the offset in DOT included in the amendment package was just under \$17.8 million, for a total general fund offset of one-time use of federal relief funds of \$32.4 million.

Mr. Steininger continued to address Packet A. Page 2 of the packet was a summary of the items. Mr. Steininger discussed Item 1:

Named Recipient Grant - Voice of the Arctic Inupiat

FY2022 Request: \$1,000,000

Reference Number: AMD 63461

Brief Summary and Statement of Need:

VOICE is a 501(c)(4) non-profit corporation whose twenty-four members include the representatives of federally recognized tribes, municipal governments, Alaska Native corporations, the regional health-nonprofit, and the tribal college from the North Slope of Alaska. Together, VOICE works on behalf of the Arctic region to promote and advocate issues for the benefit of regional communities.

[10:40:49 AM](#)

Mr. Steininger addressed Item 2:

Chevak School Fire Remediation

FY2022 Request: \$2,500,000

Reference Number: AMD 63457

Brief Summary and Statement of Need:

On Sunday, March 7, 2021, the old, unused school building in the community of Chevak caught fire, and

the structure was destroyed. During the subsequent investigation it was identified that two community members were unaccounted for, and believed to be under the structure during the fire. During the initial site investigation by Department of Public Safety (DPS), the site conditions including the roof structure on top of the debris made the search field unsafe for DPS investigators to continue the search for the two individuals without logistical support. This request would provide funding support to Chevak for the proper disposal of fire debris containing asbestos at the site, not to exceed \$2.5M.

Mr. Steininger spoke to Item 3:

Endangered Species Act - Legal and Research Needs to Protect State Right to Manage

FY2022 Request: \$7,000,000

Reference No: AMD 43347

Brief Summary and Statement of Need:

This capital project provides funds to fight unnecessary Endangered Species Act (ESA) actions. It will help the state to avoid federal ESA regulatory burdens and maintain the state's right to manage fish and wildlife. This project enables the state's legal and scientific engagement on ESA issues.

Mr. Steininger discussed Item 4:

RS2477 Access Development - Advancing State's Rights in Navigability and Revised Statute 2477

FY2022 Request: \$5,000,000

Reference No: AMD 63437

Brief Summary and Statement of Need:

This project would allow the Department of Natural Resources to pursue additional research, in-depth field work and, as necessary, litigation to secure upland access to natural resources and for the public. This effort critically assists in fulfilling the state constitutional mandate to make resources "available for maximum use consistent with the public interest." RS 2477 investigation and confirmation is managed by the Public Access Assertion and Defense (PAAD) Unit within the DNR Division of Mining, Land and Water. RS 2477s are a distinct category of responsibility from the navigability work that the Unit pursues.

10:42:14 AM

Co-Chair Stedman asked about Item 1. He asked whether the program was for the entire state even though the named recipient was Voice of the Arctic.

Mr. Steininger explained that Voice of the Arctic worked specifically in the Arctic region of the state. He furthered that this item was in a suite of items included in the larger initiative by the executive branch to address statehood rights issues.

Co-Chair Stedman appreciated the clarification.

10:43:53 AM

Senator Olson asked for an example of some of the statehood rights issues that were anticipated in the next fiscal year.

Mr. Steininger informed that Doug Vincent-Lang, Commissioner, Department of Fish and Game was online and could speak to the Endangered Species Act and the various examples of statehood rights.

Senator Olson understood that DF&G was reflected in a different line item.

Mr. Steininger asked whether Senator Olson was speaking specifically to Item 1.

Senator Olson responded in the affirmative.

Mr. Steininger regretted that he did not have specifics for the line item.

Co-Chair Bishop interjected and asked who on the invited testifier list could best address the question.

Mr. Steininger did not have an available testifier to speak to the Voice of the Arctic.

Co-Chair Bishop requested that someone from the executive branch get back to the committee with information on the line item.

Senator Olson asked for a list of all the items pertaining to the administration's initiative on statehood rights.

[10:45:47 AM](#)

Mr. Steininger believed that Commissioner Vincent-Lang could respond to questions on the matter.

Senator Olson felt that statehood rights and the overreach of the federal government was always a concern of the state. He asked about examples specific to the Arctic region of the state.

Commissioner Vincent-Lang

DOUG VINCENT-LANG, COMMISSIONER, DEPARTMENT OF FISH AND GAME (via teleconference), explained that Voice of the Arctic was working on oil and gas issues, with respect to incidental take regulations governing polar bears. He said that the department, and members of the Voice of the Arctic group, were crafting a model that would allow for oil and gas exploration and expansion into new fields. He asserted that restricting oil and gas operations in the state would have statewide economic impacts. He said that other concerning areas of federal overreach involved the 30X30 Initiative, which could lock vast amounts of landscape and offshore areas into permanently protected status.

[10:48:01 AM](#)

Mr. Steininger referenced document A4, line 1:

Department: Commerce, Community, and Economic Development

West Susitna Road Access: This project has completed phase two of the pre-development feasibility planning, which started in 2014 as the West Susitna Access Study led by the Department of Transportation and Public Facilities as part of the agency's Roads to Resources program. The purpose of the study was to identify options for an optimal access corridor to a broader, district-wide area of resources with connections to Port MacKenzie.

UGF: \$10 million

Mr. Steininger relayed that the project had previously been included in the General Obligation Bond package, but an

amendment had been submitted to move it into the Capital Budget.

Mr. Steininger addressed the remaining line items on document A4:

Department: Commerce, Community, and Economic Development

Ambler Road Pre-Construction Activities Including Material Purchases: This project will provide an all seasons access for exploration and development of mineral resources within the Ambler mining district.

AIDEA's experience with similar transportation infrastructure investments has shown that these projects provide significant economic benefits and long term high paying jobs throughout the region. AIDEA expects the development of the Ambler Mining Road to provide long term economic benefits to private resource developers and the people of the State of Alaska.

UGF: \$7.5 million

Department: Commerce, Community, and Economic Development

Named Recipient Grant - Permanent Rehabilitation Through Mat-Su Population Corridor: Grant funding to the Matanuska-Susitna Borough to address pavement and roadway rehabilitation and preservation, including work to the Parks Highway in the Wasilla population corridor, and other areas of need as determined by the borough. This work may include crack sealing, resurface treatment drainage, signage, guardrail illumination, and other refurbishments to prolong the life of road pavement and bridges and their safety related structures. This includes national highway systems lane delineators, destination and distance signing, pavement markings and signalization, abandoned vehicle programs, road resurfacing and transfer, road resurface treatments, and improve curb ramps to meet ADA standards.

UGF: \$10 million

Department: Natural Resources

Arctic Strategic Transportation and Resource Project: The Arctic Strategic Transportation and Resource (ASTAR) as a partnership between the State of Alaska,

Department of Natural Resources and the North Slope Borough. ASTAR seeks to work with North Slope communities and stakeholders to identify projects, resources, and studies which offer the most cumulative benefit to the North Slope region and its communities.
UGF: \$3 million

Department: Natural Resources

Alaska Real-Time Global Navigations Satellite System Network: Alaska's existing Continuous Operating Reference Stations (CORS) provide geodetic quality Global Navigations Satellite System (GNSS) data at a known location which enables users to improve three-dimensional positioning, meteorology, public safety, and geophysical applications. It is the cornerstone of the National Spatial Reference System (NSRS). However, Alaska's CORS are currently operating independently and are not linked as a system. These linked systems are called Real-Time GNSS Networks.

UGF: \$3 million

Department: Transportation and Public Facilities

FHWA Allocation - Denali Commission Infrastructure:

This project will enable the Denali Commission to execute on targeted surface transportation projects in rural Alaska. The Denali Commission was established with a focus on promoting rural development in bulk fuel storage, power generation, health care facilities, surface transportation and waterfront facilities, communications systems, and specialty housing. The Denali Commission Act affords the agency significant latitude and authority to address issues facing rural Alaska.

Fed Funds (CRRSSA): \$15 million

[10:50:46 AM](#)

Co-Chair Stedman referenced Item 3 "Named Recipient Grant - Permanent Rehabilitation Through Mat-Su Population Corridor." He wondered whether there had been a typo and if "Mat-Su" should be replaced with "Southeast Islands." He indicated his jest with a chuckle.

[10:51:17 AM](#)

Co-Chair Bishop asked about Item 1, "West Susitna Road Access." He understood that the original geo bond had been

for \$8.5 million and wondered why the request was for \$10 million.

[10:51:43 AM](#)

ALAN WEITZNER, EXECUTIVE DIRECTOR, ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY, DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT (via teleconference), explained that the increased cost was due to the full funding permitting costs for the access road. He noted that the previous bill had identified two particular areas to be addressed in the road advancement. He said that originally \$4 million was requested to address the current winter road extension from the West Susitna Parkway, across the Little Susitna. He stated that the allocation was still sought for an all-purpose road extension and a single-lane bridge across the Little Susitna river. He said that the remainder was an estimation of the full permitting cost to advance the West Susitna Access Road as the project moved into the Western Basin Mining District.

Co-Chair Bishop asked about the timeline to finish permitting the project.

Mr. Weitzner relayed that early permitting feasibility work for the necessary National Environment and Planning Agency (NEPA) application was expected to be completed by February 2022. He shared that if able to complete the pre-permitting, he believed that the permitting process would be complete within the first quarter of 2024.

[10:53:46 AM](#)

Co-Chair Bishop asked about Item 2 and the Ambler Road pre-construction activities and materials ask of \$7.5 million. He contended that the project was far from the construction phase. He asked what kind of gravel would need to be purchased in the next year.

Mr. Weitzner explained that the \$7.5 million would specifically address the impacts and requirements on the Alaska Native Settlement Claims Act (ANSCA) lands that would be crossed by the access road. He specified that that the funds would be used for pre-planning, layout, and design work necessary for gravel sites.

[10:55:19 AM](#)

Co-Chair Bishop surmised the work was still front-end and that the request would ensure that when the time came to do a project, gravel mining could be done.

Mr. Weitzner answered in the affirmative. He added that the full \$7.5 million might not be necessary and could be used to address any specific requirements that arose from working with the ANCSA Corporation.

[10:55:59 AM](#)

Co-Chair Bishop asked about Item 3 and the \$10 million for the Mat-Su.

Mr. Steininger deferred to the department to speak to the item.

[10:56:32 AM](#)

Co-Chair Bishop understood that none of the requested money would be put out to competitive bid, that the borough would be procuring in-house contracts.

JOHN LINNELL, DEPUTY DIRECTOR, CENTRAL REGION, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES (via teleconference), relayed that he had not heard that information but that he could not speak for the borough. He shared that the Mat-Su borough manager had indicated a willingness to work with the department, which had suggested putting the work out to bid. He anticipated that the borough would put the projects out to competitive bid.

[10:57:27 AM](#)

Senator Wilson asked whether the borough could use the funds for the matching road bonds projects that were currently out to bid.

Mr. Linnell understood that the funds would go directly to the Mat-Su Borough and would be used to work on roads. He could not speak to whether they could be used for a match.

Co-Chair Bishop looked at the backup information for the project:

This work may include crack sealing, resurface treatment drainage, signage, guardrail illumination,

and other refurbishments to prolong the life of road pavement and bridges and their safety related structures. This includes national highway systems lane delineators, destination and distance signing, pavement markings and signalization, abandoned vehicle programs, road resurfacing and transfer, road resurface treatments, and improve curb ramps to meet ADA standards.

Co-Chair Bishop believed that the language was very clear.

Mr. Linnell concurred.

[10:58:33 AM](#)

Senator Wilson asked whether there was a ratio for funds that needed to go to each of the previously mentioned issues.

Mr. Linnell understood that the decisions would be up to the borough's discretion.

[10:59:23 AM](#)

Senator Wielechowski asked whether the funding for the Mat-Su borough would be used for state roads or local roads.

Mr. Steininger stated that the intention was to allow the Mat-Su Borough to use the funds for borough roads, inclusive of roads not managed by DOT.

Senator Wielechowski asked whether the administration would support a similar appropriation for roads in Anchorage.

Mr. Steininger stated that the appropriation put forward was for roads in the Mat-Su Borough; no appropriation had been put forward for other areas of the state.

Senator Wielechowski suggested that an amendment to the bill might be in order.

[11:00:55 AM](#)

Senator Olson mentioned comments by Senator Wielechowski and thought borough road should be maintained by the borough and state roads maintained by the state. He

stressed that there were roads in his districts that could use attention as well.

[11:01:20 AM](#)

Senator Wilson also believed there were some state roads that needed maintenance, and the borough had partnered with the state in the past to do repairs. He mentioned that the roads in the recipient area were in very bad shape.

[11:02:23 AM](#)

Co-Chair Bishop mentioned Item 4 and asked for an update on the ASTAR Project. He asked whether the \$5 million request would bring the project through the permitting process.

BRENT GOODRUM, DEPUTY COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES (via teleconference), deferred the question to Steven Masterman.

STEVEN MASTERMAN, DIRECTOR, DIVISION OF GEOLOGICAL AND GEOPHYSICAL SURVEYS, DEPARTMENT OF NATURAL RESOURCES (via teleconference), relayed that the funding request was for geological investigations that would provide the information necessary for the design and eventual construction of projects. He relayed that the planned projects currently included the western part of the North Slope between Wainwright, Utqiavik, and Atkasuk. He said that there was considerable interest for a community interconnected road and the area was one of the most challenging areas of the state to locate construction materials. He said that the funds would help with the drilling work necessary to find the resources to build the road.

Co-Chair Bishop asked if there was an estimate as to what it would cost to accomplish the permitting process.

Mr. Masterman did not have an estimate. He noted that the department's role was the geological work and that the design phase was beyond his level of expertise. He estimated that the work that DNR needed to do would total approximately \$10 million.

[11:05:20 AM](#)

Co-Chair Bishop asked about Item 5, the Alaska Real-Time Global Navigations Satellite System Network. He asked for background on the request.

[11:05:38 AM](#)

Senator Olson asked whether the road on the North Slope would be used year-round.

Mr. Masterman stated the intent was to look for sand and gravel to build an all-season road.

[11:05:58 AM](#)

Co-Chair Bishop asked about Item 5. He asked Mr. Masterman how the network would assist in the field work.

Mr. Masterman related that any kind of land survey relied on GPS location, so having a real-time location was time saving and therefore saved money.

[11:07:32 AM](#)

Mr. Goodrum interjected that Marty Parsons could offer further details on the item.

[11:07:51 AM](#)

Co-Chair Bishop understood that typically it took four hours for a GPS system to acquire; this system would allow for real-time acquisition.

MARTY PARSONS, DIRECTOR, DIVISION OF MINING, LAND, AND WATER, DEPARTMENT OF NATURAL RESOURCES (via teleconference), thought Co-Chair Bishop had described the situation accurately. He expanded that the system upgrade would streamline the data collecting process by reducing the time and expense of data collection and would result in more accurate data.

[11:09:53 AM](#)

Senator Olson queried the difference between this system and a traditional GPS system maintained by the federal government.

Mr. Parsons relayed that the request was for a statewide network that would increase the number of stations across Alaska. He said that the federal government currently had a satellite system with reference stations that provided scattered reference points. He said that the new system would allow for more accurate and real-time data.

[11:12:02 AM](#)

Co-Chair Stedman wanted to discuss the Denali Commission and Item 6. He expressed hope that the commission would execute the appropriation quickly and frugally. He thought the state was anticipating a huge infrastructure program from the federal government that could double the amount to the state for highways and airports over the next 8 years. He thought if the commission could execute projects there could be generous funding flowing to the commission over the next few years. He expressed concern that there would be more funds available for DOT than the department had throughput ability.

[11:13:43 AM](#)

Senator Olson noted that he said that the airport in Golovin needed to be refurbished.

[11:13:59 AM](#)

Senator Wielechowski mentioned Item 1 and the West Susitna Road Access Project. He asked how much of the road was completed.

Mr. Weitzner replied that the appropriation would complete the permitting process

Senator Wielechowski wanted more detail about how the money had been spent to date. He contended that the amount spent so far seemed high for a return of only studies.

Co-Chair Bishop stated that a report would be submitted from OMB.

[11:15:24 AM](#)

Senator Olson agreed that \$100 million for studies should be scrutinized. He asked about the mileage of the completed

Winter Access road, which was the only product of the \$100 million aside from the studies

Mr. Weitzner relayed that the road was 6.7 miles. He was unable to give full clarification regarding the previous funding because AIDEA had not been involved in the utilization of the funding.

Co-Chair Bishop knew that the project was a multi-use appropriation.

[11:16:22 AM](#)

Senator Olson asked whether the road was used year-round.

Co-Chair Bishop understood that the road would be year-round at some point.

Mr. Weitzner relayed that the road was currently for winter access and was marginally used for fire-suppression control. He said that the intent was to make it an all-season road.

[11:17:04 AM](#)

Mr. Steininger addressed the spreadsheet labeled A6, which reflected the budget transactions that implemented the offset of UGF in DOT's operating budget. He relayed that the table reflected use of federal funding through CARES or CRRSSA that was available for us for operation costs in DOT. He said that in a prior amendment there had been several accounting positions that were required to be paid for with the funds to ensure that the state could meet reporting requirement to federal agencies to implement offsets of general fund costs. The offsets were short term in nature, and there would be a restoration of the funds in future budgets.

Co-Chair Bishop asked whether the accounting positions were with OMB.

Mr. Steininger explained that the positions would be non-permanent positions within DOT.

[11:18:31 AM](#)

Mr. Steininger addressed Packet B, containing amendments submitted by the administration on May 11, 2021. He noted that document B1 was the transmittal letter, which summarized the items. He drew committee attention to document B2, which was a spreadsheet listing further detail on the items.

Mr. Steininger addressed Item 1, which was an item in the Department of Health and Social Services and had previously been included in the general obligation bond package:

Department: Health and Social Services
Fairbanks Youth Facility Safety and Security Renovation

The Fairbanks Youth Facility, originally constructed in the 1970s, provides a secure detention program for boys and girls, treatment services for boys, and provides space for Fairbanks juvenile probation and administrative staff. The building has antiquated mechanical systems that are in need of replacement, including heating, electrical and plumbing. The current building does not provide for ideal safety and security of staff and residents or allow for efficient programming and operations. Development of a secure facility entry point that includes a screening area, an intake, transfer and release station, and a medical suite comprise the major projects that will correct most of the deficiencies in the facility.

Other Funds: \$18,986.720

Mr. Steininger shared that the item had been resubmitted to change the fund source; the fund source being used was the Norther Tobacco Securitization Corporation bonding receipts. He said that the corporation was seeking to refinance at low interest rates and would make available additional bonding capacity, which must be used for certain types of projects to maintain their tax-exempt status. He related that the project at the Fairbanks Youth Facility met the criteria.

Mr. Steininger continued to Item 2:

Department: Natural Resources
Advance Surveys for all State Lands Including Agriculture and Mariculture

Alaska has all the qualities of an ideal environment for agriculture and mariculture development, however

access is one of the largest hurdles to the full development of land in Alaska. Building roads and bringing in utilities to quality state lands will stimulate growth and help make large-scale farming successful, which will in turn grow Alaska's economy. This initial investment will provide the structure for continued, sustainable agriculture and mariculture that will create new jobs and opportunities for business and entrepreneurs, a sustainable way of life for farming families, and address food security in Alaska.

UGF: \$7,500,000

Mr. Steininger continued to Item 3:

Department: Natural Resources

Permit Backlog Reduction

The Division of Mining, Land, and Water's mission is to provide for the appropriate use and management of Alaska's state-owned land and water, aiming toward maximum use consistent with the public interest. This water rights backlog project will aid the division in achieving its mission by delivering Alaskans' water rights that are legitimately requested from the department. This project will allow the division to process and adjudicate new land applications quicker and more efficiently.

UGF: \$7,000,000

Mr. Steininger continued to item 4:

Department: Natural Resources

Land Development for Nenana-Totchaket

This project is the development of a 100,000+ acre agricultural development project in the Nenana-Totchaket region in interior Alaska, increasing both the availability of land and local food security. This project will provide land for agricultural use which has been surveyed and basic access roads installed. This will support the local and regional production of foodstuffs necessary to support the citizens of Alaska now and into the future and will diversify and strengthen the state's economy.

UGF: \$5,000,000

Co-Chair Bishop asked for more detail on the \$7 million for the permit backlog in Item 3.

Mr. Parsons relayed that DNR had struggled with a backlog in authorizations, which had stemmed from working with paper files rather than electronic files that could be share easily with many parties. He stated that the department proposed to work through existing paper files with long-term non-permanent (LTNP) positions to update the paper files to digital. He related that this would make for more efficient files sharing system. He noted that proposal would standardize the collection of information so that it could be easily discernable by adjudicators and expedite that authorization process.

[11:23:30 AM](#)

Co-Chair Bishop asked about the timeline for completion of the project.

Mr. Parsons did not think the task would be simple. He believed it would take a minimum of three years (maximum of five years) to complete.

Co-Chair Bishop asked whether the requested funds would complete the project.

Mr. Parsons affirmed that the funds would be sufficient for completion.

[11:24:24 AM](#)

Co-Chair Stedman asked about the permitting backlog at DNR, which he recalled was sizeable. He queried the current number of backlogged permits.

Mr. Parsons believed that there had been over 2600 backlogged permits at the beginning of the process, and currently there were under 940. He said that the permit applications were being assessed to determine which were backlogged and which were current.

Co-Chair Stedman asked for explanation as to whether Alaskans should be applying for water permits for remote residencies.

Mr. Parsons expressed that it was always important for individuals who wished to acquire a water right to apply to the division. He shared that there were approximately 516 existing applications in the queue, and as the state

matured there was more pressure to look at the permits and consider whether aquifers were being over-appropriated. He stated that part of the request would put staff to work through the 516 backlogged applications to avoid over-appropriation of the aquifer.

Co-Chair Bishop handed the gavel to Co-Chair Stedman.

[11:27:42 AM](#)

Senator Wilson had questions about Item 2 and Item 4. He thought that the language in Item 2 was vague as to what type of projects the money could be spent on, and he requested further clarification on the kind of projects for which the funds would be spent.

Mr. Steininger thought the department would be best suited to provide specifics.

Mr. Goodrum expressed that the administration was interested in putting more land in the hands of state residents for development. He said that some of the funds would be used to determine which lands and could be put out for sale and for improved accessibility to state lands.

Co-Chair Stedman handed the gavel back to Co-Chair Bishop.

[11:29:20 AM](#)

Mr. Parsons addressed Senator Wilson's question about Item 2. He noted that mariculture and aquaculture was one of the fastest growing areas of authorization for which DNR received applications. He stressed the importance of avoiding over-authorizing areas for development or interfering with other operations.

[11:30:44 AM](#)

DAVID SCHADE, DIRECTOR, DIVISION OF AGRICULTURE (via teleconference), highlighted that the funding would be used for infrastructure and utilities. He explained that there were two major projects that the Division of Agriculture and the Division of Mining, Land, and Water were working on. First was the Nenana-Totchaket Project, which was in phase one of three phases. He stated that the second major agriculture project was Near Anchor Point. He said that agricultural and general use lands had been identified. He

explained that the projects would begin with a survey. He said that the governor supported getting lands into private hands. He stated that utilities had to be in place for projects to move forward. He spoke to mariculture and loans that had been recently awarded.

[11:34:16 AM](#)

Senator Wilson was confused that Mr. Schade had mentioned a project under Item 4 and wondered whether the funds for Item 2 would be used for the Nenana-Totchaket project. He expressed support for the projects mentioned by the testifiers.

Mr. Schade reiterated that the two projects were estimated at 23.5 million. He said the two requests were 50 percent of identified needs. He elaborated that federal funding and rural grants could be used to leverage the projects forward. He asserted that the demand for the lands was very active and the first sale was expected in fall 2021.

[11:37:00 AM](#)

Co-Chair Bishop asked whether the funds would be used in-house or would be expended to private firms.

Mr. Schade said that the state lacked enteral capacity to support the projects. Most of the funds would be expended on private surveying and private road companies.

[11:37:49 AM](#)

Senator Wilson asked for clarification regarding whether the funding for Item 2 could be used for Item 4, or if the funds were separate.

Mr. Schade thought that the first \$5 million would be used for the Nenana-Totchaket project. He said that the other funds would be used partially for Nenana-Totchaket, partially for the project at Anchor Point, and partially to survey and identify mariculture areas where there could be competing applications.

[11:39:19 AM](#)

Senator Wilson was not opposed to the projects but thought the funding configuration was confusing.

[11:39:46 AM](#)

Senator Wielechowski asked about Item 2 and Item 4. He asked whether there were existing landowners that would benefit from the requested funds.

Mr. Schade replied in the affirmative. He noted that the Nenana-Totchaket project involved Native Corporation land, Native Village land, University land, and Alaska Mental Health Trust land, and general state land. He shared that the Anchor Point project had revealed some access problems, which the department was working to alleviate.

Senator Wielechowski thought there was a level of capital request that had not been seen in years. He asked how the requests should be funded.

Mr. Steininger mentioned offsetting GF dollars in DOT as referenced earlier. He explained that the administration saw the projects as an opportunity to develop state lands and invest in to be able to better respond to future infrastructure investments.

[11:42:51 AM](#)

Senator Wielechowski did not dispute that the project were good ideas, but he inquired how the projects would be funded. He asked whether the administration was proposing cuts or proposing new revenue.

Mr. Steininger relayed that the administration proposed to use UGF for the projects. He said that the projects fit within the governor's overall budget proposal and the overall fiscal package with other pieces put forward by the administration.

[11:43:40 AM](#)

Senator Wielechowski asserted that the state had a \$1 billion deficit and reiterated his question as to where the administration expected to find the general funds to pay for the capital requests.

Mr. Steininger stated that the executive branch had several proposals in front of the legislature regarding the overall fiscal picture of the state. He asserted that one of the

special session calls included the option for discussion on state revenue.

Co-Chair Bishop relayed that the meeting would recess until 9 o'clock a.m. the following day.

11:45:36 AM

RECESSED

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ADJOURNMENT

12:28:20 PM

The meeting was adjourned at 12:28 p.m. on the following day, Sunday, May 16, 2021.