

HOUSE FINANCE COMMITTEE
April 27, 2023
1:42 p.m.

1:42:14 PM

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 1:42 p.m.

MEMBERS PRESENT

Representative Bryce Edgmon, Co-Chair
Representative Neal Foster, Co-Chair
Representative DeLena Johnson, Co-Chair
Representative Julie Coulombe
Representative Mike Cronk
Representative Alyse Galvin
Representative Sara Hannan
Representative Andy Josephson
Representative Dan Ortiz
Representative Will Stapp
Representative Frank Tomaszewski

MEMBERS ABSENT

None

ALSO PRESENT

Laura Achee, Staff, Senator Jesse Bjorkman; Matthew Harvey, Staff, Senator James Kaufman; Trevor Jepsen, Staff, Representative Tom McKay; Paul LaBolle, Staff, Representative Neal Foster; Carrie Bohan, Facilities Program Manager, Division of Water, Department of Environmental Conservation; Representative Andi Story, Sponsor; Senator Jesse Bjorkman, Sponsor; Senator James Kaufman, Sponsor; Alexei Painter, Director, Legislative Finance Division; Representative Tom McKay, Sponsor; Randy Bates, Director, Division of Water, Department Of Environmental Conservation.

PRESENT VIA TELECONFERENCE

Jeremy Douse, Northern Regional Forester, Division of Forestry and Fire Protection, Department of Natural Resources; Randall Zarnke, President, Alaska Trappers Association, Fairbanks; Megan Hillgartner, Division of Mining Land and Water, Department of Natural Resources; Francine Moreno, Director, Rural Utility Management Services, Alaska Native Tribal Health Consortium.

SUMMARY

HB 26 COUNCIL FOR ALASKA NATIVE LANGUAGES

HB 26 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN1 (DCCED).

HB 93 LUMBER GRADING PROGRAM

HB 93 was SCHEDULED but not HEARD.

SB 87 LUMBER GRADING PROGRAM

SB 87 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN1 (DNR).

HB 125 TRAPPING CABINS ON STATE LAND

HB 125 was HEARD and HELD in committee for further consideration.

SB 25 REPEALING FUNDS, ACCOUNTS, AND PROGRAMS

SB 25 was HEARD and HELD in committee for further consideration.

HB 178 VILLAGE SAFE WATER FACILITIES

HB 178 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the meeting agenda.

#hb26

HOUSE BILL NO. 26

"An Act renaming the Alaska Native Language

Preservation and Advisory Council as the Council for Alaska Native Languages; and relating to the Council for Alaska Native Languages."

[1:43:48 PM](#)

REPRESENTATIVE ANDI STORY, SPONSOR, introduced HB 26 and explained that she brought forward the bill on behalf of the Alaska Native Language Preservation and Advisory Council (ANLPAC). The changes proposed by the bill were simple but would be significant improvements for the council. The first proposed change was a name change simplifying the council's name to the Council for Alaska Native Languages. The bill would also expand the council's membership from five voting members to seven voting members and would update the co-official languages of Alaska, which unintentionally excluded some indigenous languages.

Co-Chair Foster asked if there were questions from the committee.

Representative Stapp asked if there could be any other Alaska Native languages that were potentially being overlooked.

Representative Story responded that there was an Alaska Native language summit sponsored by the Department of Education and Early Development (DEED) that occurred earlier in the day and many of the council members were at the summit. It was her understanding that all of the languages would be recognized if the bill were to pass.

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Co-Chair Foster OPENED public testimony for HB 26. He commented that he had heard significant support for the bill. Although there were not many testifiers online, there was not a lack of support. The lack of testifiers only indicated that it was a simple and straightforward bill.

Co-Chair Foster CLOSED public testimony. He noted that interested individuals could submit written testimony and offered instructions on how to do so.

Representative Tomaszewski explained Fiscal Note (FN) 1 by the Department of Commerce, Community and Economic Development (DCCED) [control code gBxUP]. The \$10,000

allocation was for the Division of Community and Regional Affairs (DCRA).

Co-Chair Foster relayed that he would entertain a motion to move the bill if it were the desire of the committee.

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Representative Tomaszewski MOVED to REPORT HB 26 out of committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

HB 26 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN1 (CED).

#sb87

SENATE BILL NO. 87

"An Act relating to a lumber grading training program and lumber grading certificates; relating to use of lumber graded and certified by a person holding a lumber grading training program certificate; and providing for an effective date."

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Co-Chair Foster explained that SB 87 was the companion bill to HB 93, sponsored by Representative Jesse Sumner. The committee heard HB 93 on April 14, 2023.

SENATOR JESSE BJORKMAN, SPONSOR, introduced SB 87. The bill would allow for local lumber millers and saw millers to receive training from the Department of Natural Resources (DNR) through the University of Alaska (UA) to grade and assess the lumber and subsequently sell the lumber to the end user to build residential homes.

Co-Chair Foster asked if committee members had questions.

Representative Ortiz asked whether the bill addressed how an individual could become a lumber grader. He recently had a constituent call him and ask how to become a lumber grading trainer.

Senator Bjorkman responded that the bill would initiate a training program.

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Representative Galvin relayed that she was supportive of the bill and had already co-sponsored the House companion bill. She asked if the bill would act as a stepping stone to the next level of a grading program that would be inclusive of products that could be used for larger houses. There was a great need for housing in the more urban areas and wondered if the bill would be expanded upon.

Senator Bjorkman responded that the reason the restrictions limiting locally graded lumber were in place was in correspondence to the strength testing that lumber was required to undergo by lumber grading agencies. The local lumber was not less strong, but the reason why the program was not made available for the purpose of building larger structures was for quality control to maintain a one-to-one relationship between the seller and the buyer. He thought it was smart to begin the program on a smaller scale. There was potential for it to be a stepping stone to larger projects, but it would be under the purview of statewide building codes.

Representative Coulombe asked about Section 41 of the bill which stated that the certification would be valid for five years. She asked if a person would need to do the entire program again after the certification had expired or if the process could be expedited.

Senator Bjorkman deferred the question to an online testifier.

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JEREMY DOUSE, NORTHERN REGIONAL FORESTER, DIVISION OF FORESTRY AND FIRE PROTECTION, DEPARTMENT OF NATURAL RESOURCES (via teleconference), responded that the intent was that the individual would take the class again. The class was only one day and he thought it would be beneficial for individuals to receive the learning experience again. Additionally, the class would be free.

Representative Cronk appreciated the bill and believed it was a stepping stone in creating a vibrant timber and

lumber industry in the state. He thought timber was an endless resource in the state.

Representative Hannan commented that she had been concerned that the program would be housed in the university but there was no information provided from the university. She was aware that the university had stated its support for the legislation in a letter, but the letter was not included in committee packets. She wanted to give Senator Bjorkman the opportunity to speak on the university's support.

Senator Bjorkman deferred the question to his staff.

LAURA ACHEE, STAFF, SENATOR JESSE BJORKMAN, responded that DNR had spoken with UA about creating a position that would support the instruction for the lumber grading program. The fiscal note was from DNR because it was a DNR program. The department could have chosen to conduct the training in-house or work with another vendor, but ultimately decided to collaborate with the university.

Co-Chair Foster asked Mr. Douse to describe the fiscal note.

Mr. Douse explained that the fiscal note from DNR [control code pQzXM] would not require any additional personnel but would require some additional travel expenses for lumber milling and grading training events. Additionally, expenses for contractual services through a reimbursable services agreement with the university would be incurred. There would also be a cost for commodities, which would cover the cost of publishing a lumber grading handbook for purposes of training.

Co-Chair Foster noted that there were no amendments. He would entertain a motion to move the bill if it was the will of the committee.

[2:00:45 PM](#)

Representative Tomaszewski MOVED to REPORT SB 87 out of committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

SB 87 was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal note: FN1 (DNR).

#sb25

SENATE BILL NO. 25

"An Act relating to inactive state accounts and funds; relating to the curriculum improvement and best practices fund; relating to the fuel emergency fund and fuel emergency grants; relating to the special Alaska Historical Commission receipts account; relating to the rural electrification revolving loan fund and loans from the fund; relating to the Southeast energy fund and grants from the fund; and relating to the Exxon Valdez oil spill unincorporated rural community grant fund and grants from the fund."

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Co-Chair Foster noted that the next bill would be SB 25.

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AT-EASE

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SENATOR JAMES KAUFMAN, SPONSOR, introduced SB 25. The bill had been nicknamed "silly funds" because the goal was to eradicate funds that were meaningless. He read from the sponsor statement (copy on file):

SB 25, in its current form, is intended to improve performance by reducing administrative cost and complexity associated with maintenance and tracking of accounts that are no longer needed but are still open.

The state of Alaska at various times creates special accounts to receive and hold money for certain purposes, but over time some of those funds become dormant and are no longer needed.

This can include filled funds that are not supporting active programs, empty funds that are not supporting active programs and funds held in trust.

Reducing the administrative burden of maintaining unneeded funds is a prime example of the type of incremental continuous improvement that is needed as Alaska faces new fiscal challenges.

Senator Kaufman explained that his office reviewed existing funds, determined which funds were no longer needed, and created a mechanism to review funds every two years to determine if there were any additional funds that could be removed.

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MATTHEW HARVEY, STAFF, SENATOR JAMES KAUFMAN, read the sectional analysis of SB 25 (copy on file):

Section 1:

Amends AS 24.20.020 to add a requirement for the Legislative Finance Division to conduct a review of inactive state accounts and funds at the beginning of each new legislature and to submit an electronic report including recommendations regarding which inactive state accounts and funds should be repealed. The report distribution list is included in this section.

Section 2:

Adds a new subsection to AS 37.07.020 stating that the governor may act upon the Legislative Finance Division report in Section 1 of SB 25 by submitting legislation in accordance with the report.

Section 3:

Repeals the statutory authority for the following funds not supporting current or active programs.

- AS 14.07.182 - Curriculum Improvement and Best Practices Fund
- AS 26.23.400 - Fuel Emergency Fund
- AS 41.35.380 - Alaska Historical Commission Receipts Account
- AS 42.45.020 - Rural Electrification Revolving Loan Fund
- AS 44.33.115 - Exxon Valdez Oil Spill Unincorporated Rural Community Grant Fund

Co-Chair Foster asked Senator Kaufman whether the Rural Electrification Revolving Loan Fund (RERLF) related to efforts to construct high powered electric lines in rural areas of the state.

Senator Kaufman responded that the loan program was largely supplanted by the Electrical Service Extension fund. Many of the accounts had names that sounded compelling, but the funds had been supplanted by other funds.

Representative Josephson noted that the Southeast Energy Fund (SEF) was slated to be removed, but it was also listed under repeals. He asked Mr. Harvey for clarity on the situation.

Mr. Harvey responded that the Committee Substitute that was passed by Senate Finance [CSSB(FIN)] removed the energy fund and the inclusion of the fund on the list of repeals seemed to be an error.

Representative Josephson noted that SEF still appeared to be in the bill.

Mr. Harvey responded that AS 42.45.020 was in the bill.

Representative Josephson indicated that he had misread it.

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Co-Chair Edgmon asked Senator Kaufman if there would be any implications relative to the Infrastructure Investment and Jobs Act (IIJA) if SEF was removed. He was leery of removing fund that were inactive that might have a future purpose. He was in support of the bill.

Senator Kaufman responded that in the process of crafting the bill, he found many funds that had reasons to exist. He was not married to the idea of any specific fund being deleted. The idea behind the bill was more focused on implementing a clean-up mechanism that would require that the funds be reviewed every two years. He would research whether there would be any impact on IIJA and would follow up with the committee with the information.

Co-Chair Foster requested that an entity such as the Alaska Energy Authority (AEA) provide information to the committee

about the potential impact of the removal of the energy fund.

Co-Chair Edgmon commented that it was easy to remove the funds but difficult to reinstate the funds. He was supportive of the bill but would like to be cautious about the potential consequences.

Representative Hannan wondered if the any entities under which a fund had been created had indicated that a fund was not needed. She asked Mr. Harvey how much money was in the funds and whether the money was supposed to be compiled for ten years. She agreed that if there were funds that were not being used that the funds should be removed, but she wanted to ensure that entities that were responsible for a fund agreed that it was no longer needed.

Mr. Harvey responded that as a result of the sweep in prior years, many of the funds with statutory authority now had zero balances. The Fuel Emergency Fund had a balance of about \$22,000, but the Disaster Relief Fund was now being used for the same intents and purposes for which the emergency fund was initially created.

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Representative Galvin appreciated the intent of the bill. She did some research on the bill and commented that there was a section in AS 43.05.095 covering indirect expenditure reports. It seemed as though the commissioner was required to provide an annual report to the chair of the House Finance Committee (HFC) detailing the expenditures. She thought the process already seemed to be in place and she was curious what would change with the bill.

Senator Kaufman replied that the bill would require the Legislative Finance Division (LFD) to review the expenditures and deliver the report. He argued that it would expediate the process.

Representative Galvin relayed that she was not certain what to do with the information. She wondered if the purpose of the bill was to further emphasize the intent that was already in statute but was not being followed.

Senator Kaufman responded that the bill might further emphasize the intent in an indirect way.

Representative Coulombe thought there was concern around deleting accounts. She stated her understanding that LFD would review the accounts every two years and recommend which ones should be deleted. Subsequently, the governor would need to introduce legislation to have the accounts deleted. She asked if her understanding was correct.

Senator Kaufman responded in the affirmative.

Representative Coulombe asked if funds would be allocated to the unrestricted general fund (UGF) if accounts that still contained funds were closed. She wondered who would decide where the money would go.

Senator Kaufman replied that the funds would go to UGF.

Co-Chair Johnson referred to page 2, line 20 of the bill. She commented that sometimes HFC did not have a chair or had multiple chairs. She asked if there needed to be an amendment in order to accommodate all possible scenarios.

Senator Kaufman responded that he would be amendable to the introduction of an amendment.

Co-Chair Johnson replied that she had wondered about the verbiage of "chair" as compared to "chairs."

Representative Stapp relayed that he was going to make the same comment as Co-Chair Johnson. He appreciated the bill and the efforts to clean up the processes to ensure that unnecessary funds were deleted.

[2:20:39 PM](#)

Representative Hannan referred to AS 43.05.095 mentioned by Representative Galvin, which directed the Department of Revenue (DOR) to manage accounts. She understood that the bill would request LFD to review the accounts and create a report. She asked if DOR had not been completing the statutory duties and whether LFD would be the best entity to conduct the duties in the department's stead. She was amenable to restructuring the process but it appeared that the accounts were intended to be under the purview of DOR. She wondered if substituting DOR for LFD would fix the problem.

Senator Kaufman responded that the zero fiscal note stated that LFD could easily absorb the duties into its current workload and it would not be a financial burden.

Mr. Harvey responded that he did not have the definition of indirect expenditures in front of him, but it was his understanding that the accounts that were proposed to be deleted were outside of the definition and it was not statutorily required to have it included in the report. He understood that it would be a slightly different report. He would follow up with the committee with a more in depth response in writing.

Co-Chair Foster asked Mr. Alexei Painter to comment.

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ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION, explained that LFD conducted one half of the indirect expenditure report and DOR conducted the other half. The report for which LFD was already responsible focused on forgone revenue and not on funds. He relayed that there would be two separate reports and it would be a new statutory responsibility for LFD. He clarified that DOR conducted its portion of the indirect expenditure report as required by statute and LFD crafted a different portion of the report.

Representative Galvin commented that she appreciated the clarification. She wondered if the process would be similar for both reports.

Mr. Painter responded in the affirmative. He explained that DOR was responsible for a portion of the indirect expenditure report on an annual basis and LFD was responsible for another portion that ran on a six-year cycle. The proposal would involve an additional publication every two years on the funds. The division repeated some information provided by DOR but also added information that was not included in DOR's portion of the report.

Representative Galvin asked for clarification that LFD collected the report by DOR and combined it with LFD's report before presenting it to the committee.

Mr. Painter responded in the affirmative.

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Representative Coulombe asked Senator Kaufman if all accounts would be reviewed or only the accounts under DOR.

Senator Kaufman deferred the question to Mr. Painter.

Mr. Painter responded that the bill did not say specifically that it would only review funds under DOR and there might be funds outside of the department that would be required to be included in the report. He clarified that the report would go beyond the funds administered by DOR.

Representative Coulombe asked if the permanent fund would be reviewed.

Mr. Painter responded that the permanent fund would certainly not be considered an inactive fund, but the fund was within DOR.

Co-Chair Foster reminded the committee that the presentation was intended to be an introduction to the bill. He thought some of the nuances would be discussed in subsequent hearings. He thanked the presenters.

Senator Kaufman relayed that he appreciated the committee's time.

SB 25 was HEARD and HELD in committee for further consideration.

#hb125

HOUSE BILL NO. 125

"An Act relating to trapping cabins on state land; and relating to trapping cabin permit fees."

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Co-Chair Foster noted that the committee would be hearing HB 125 and invited the sponsor to introduce the bill.

REPRESENTATIVE TOM MCKAY, SPONSOR, introduced HB 125. He read the sponsor statement (copy on file):

Alaska has a rich history of trapping which far pre-dates the founding of our state. Trappers who run long

lines in remote areas need cabins for shelter. These cabins are small, basic domiciles which serve as shelter in Alaska's harsh weather conditions. Roughly three decades ago, trapper advocates worked with the legislature to implement a program which allowed for the construction of trapper cabins on state lands (AS 38.95.075 - AS 38.95.085). Over the years, issues have been identified with that program which require statutory amendments. This bill would address several problems relating to Trapping Cabin Construction Permits (TCCP).

HB 125 updates the outdated statutes associated with receiving a TCCP and incorporates the use of existing trapping cabins on State lands. Current Statute does not allow the Department to issue permits for already constructed cabins. This bill would close that gap so all permits will be issued as Trapping Cabin Permits, covering both construction of a new cabin and allowing the continued use for an existing cabin.

As Alaskans, we have a unique respect for traditional ways of life, such as trapping. I urge my fellow colleagues of the 33rd legislature to support this legislation to help Alaskan trappers.

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TREVOR JEPSEN, STAFF, REPRESENTATIVE TOM MCKAY, introduced the PowerPoint presentation "HB 125 Trapping Cabin Construction Permit Reform" dated April 27, 2023 (copy on file). He began on slide 2 and defined trapping cabins as small and basic domiciles along trap lines that were used for temporary shelter. The necessity of the cabins had to be proven before the cabins would be permitted to be built on state lands. Trapping cabin permits were currently issued under AS 38.95.075 and AS 38.95.080. The statutes were crafted over 40 years ago. He argued that statutes created unnecessary confusion in permitting process and restricted the Department of Natural Resources (DNR) from permitting cabins under certain scenarios.

Mr. Jepsen continued to slide 3 to expand upon AS 38.95.075. He explained that the statute demonstrated the process for DNR to issue permits for cabins that were already in existence. The individual seeking the permit had to prove that the cabin had been in regular use before

August 1, 1984. Issues would arise when cabins had lapsed in ownership, use, or were abandoned. He explained that DNR had seen a pattern wherein individuals wanted to utilize trapping cabins, but DNR was not able to issue permits due to the limitations of the statute.

Mr. Jepsen advanced to slide 4 to further detail AS 38.95.080, which authorized DNR to issue permits for the construction of new trapping cabins. He read the requirements for a permit for a new trapping cabin:

1. The person must have an established trapline with proof of regular use;
2. The person must have a trapline of sufficient length to justify the need for cabin construction

Mr. Jepsen continued that AS 38.95.080 also outlined the responsibility of the department as well as other requirements and restrictions for trapping cabin construction permits.

Mr. Jepsen moved to slide 5 and explained the ways in which HB 125 would address the problem. The bill would revise AS 38.95.080 to include all trapping cabin permit situations and repeal AS 38.95.075. It would allow DNR to permit existing cabins on state lands. It would also update the application fee schedule and set all related fees in statute and provide additional clarity on the permitting process. He noted that the bill was the result of a collaboration between the House Resources Committee, DNR, and the Alaska Trappers Association (ATA).

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Co-Chair Foster suggested that Mr. Jepsen provide the sectional analysis.

Mr. Jepsen read through the sectional (copy on file):

Sec. 1 Conforming change to incorporate the new AS 38.95.080(g) (section 6 of this bill) into the fee schedule regulations under AS 38.05.850(a).

Sec. 2 & 3 Restructures the existing AS 38.05.080(a) and (b), which authorize the commissioner to issue trapping cabin permits. Also clarifies who is entitled to a permit for existing cabins on state lands.

Sec. 4 Clarifies the conditions for a permit that must be included in regulations. This clarification includes:

1. Providing more guidance on permit renewals
2. Detailing the process for multiple cabins under the same permit
3. Specifying a procedure for unowned cabins
4. Setting statutory fee limits for the permits
5. Making several technical drafting changes

Sec. 5 Provides more explicit language to ensure that a use permit cannot be misinterpreted as providing ownership rights or preference rights to future ownership.

Sec. 6 Creates two new subsections, which:

1. Further define the nonexclusive nature of the permit by stating that the director may issue multiple trapping cabin permits for the use of the same cabin.
2. Bars the department from charging additional land use fees for the use or construction of a trapping cabin.

Sec. 7 Conforming and technical changes to the definitions section.

Sec. 8 Repeals AS 38.95.075 (permits for the use of trapping cabins) to conform to the changes made in this bill and to remove the outdated August 1, 1984, reference point.

Co-Chair Foster added that there was a representative from ATA online for questions. He asked if the individual had any comments.

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RANDALL ZARNKE, PRESIDENT, ALASKA TRAPPERS ASSOCIATION, FAIRBANKS (via teleconference), relayed that the process by which trapping cabins were permitted was created by ATA and DNR and it seemed to have worked well for nearly 40 years. He recently started to hear complaints from ATA members who were unable to get their permits renewed. He relayed that DNR staff reported that the original legislation did not authorize the department to renew permits. The association

worked in collaboration with DNR to craft HB 125 to solve the problem. The bill would bring stability back to the process as well as increase the original permit fee, which ATA supported. He emphasized that not all trappers needed a cabin, but cabins were essential for trappers in remote locations. The bill would benefit both urban and rural trappers. He warned that if the bill did not pass, trappers with existing cabins would be left "in limbo" and without a process by which cabin permits could be renewed.

Co-Chair Foster thanked Mr. Zarnke. He added that there were other testifiers available if members had additional questions.

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Representative Hannan noted that Section 1 of the bill would incorporate the new AS 38.95.080(g) into the existing AS 38.05.850(a). She understood that most of the existing statute related to permitting new trapping cabins for use. The current statute gave permit preference for use to uplands users on the track of tidelands. She was curious how the statutory preference would intersect with the new proposed statute relating to trapping cabins. She was under the impression that the cabins in question were trapping cabins, not tideland cabins or duck hunting cabins. There had been some conflicts about duck hunting cabins encroaching on state tidelands and she wanted to ensure that the bill focused purely on trapping cabins.

Mr. Jepsen responded that the only change made by HB 125 in Section 1 was adding AS 38.95.080(g), which were the stipulations listed in Section 6 relating to permit fees and allowing multiple permits to be issued for the same cabin. The bill did not change any other language in AS 38.05.850(a).

Representative Stapp referred to language on page 3 of the bill disallowing shelters exceeding 400 square feet to be built without authorization. He asked Mr. Jepsen if there were existing structures that could theoretically be used as trapping cabins but could not be permitted because the cabins were built without prior authorization.

Mr. Jepsen responded that the issue mentioned by Representative Stapp was one of the reasons for the bill. There were cabins on state lands that trappers would like

to use but were unable to due to the current statute. The bill would allow previously built cabins that exceeded 400 square feet to be permitted for trapping as long as the individual applying for the permit did not build the cabin without prior authorization. He added that unutilized trespassing cabins that could be a liability for DNR could be eligible for trapping cabin permits.

Representative Stapp understood that if a person constructed a cabin without authorization prior to the bill, there was no way the cabin could be permitted.

Mr. Jepsen responded in the affirmative. He clarified that if an individual built a cabin without authorization, the individual could not get a trapping cabin permit.

Representative Cronk asked Mr. Jepsen for a description of "proof of regular use."

Mr. Jepsen responded that there were multiple ways to provide proof of regular use, such as a verified trapping license issued by the Department of Fish and Game (DFG), fur receipts, or proof of income related to trapping activities.

Representative Cronk thanked the sponsor for bringing forth the legislation.

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Representative Josephson understood that if there was a trespassing cabin constructed on state land that was greater than 400 square feet, the cabin would be permissible under the bill. He asked Mr. Jepsen if his understanding was correct. He recalled that DFG was previously involved in trying to eliminate shoreline cabins on hazardous sites and all of the cabins that were not eliminated were grandfathered in to permitting in 2022. He understood that HB 125 would take similar actions, but the cabins would not be privately held. He thought the bill would "bless" some cabins that would not have been previously authorized in the past.

Mr. Jepsen responded in the affirmative. If the cabin was built without authorization and was abandoned or there was a lapse in ownership, the cabin would be permissible under the bill. He understood that DNR would like there to be a

party responsible for some of the cabins. He asked a representative from DNR to confirm his understanding.

MEGAN HILLGARTNER, DIVISION OF MINING LAND AND WATER, DEPARTMENT OF NATURAL RESOURCES (via teleconference), responded that Mr. Jepsen was correct and DNR would prefer that any existing and unauthorized cabins be captured under a permit. The bill would give the department the ability to ensure that existing cabins would be accounted for through an authorization.

Representative Josephson asked Ms. Hillgartner what the department was doing to address future unauthorized cabins.

Ms. Hillgartner responded that the department did its best to work with trappers that had interest in utilizing existing cabins or seeking authorization for unauthorized cabins. For example, other entities such as DFG had sought use of existing trespass cabins on state lands. There were also other ways in which a cabin could be permitted under a different authority, such as a guide program. The department made efforts to permit the cabins under existing authorizations, but it had removed some of the cabins that were not permissible. It would be helpful to the department to have the ability to permit cabins for the use of trapping.

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Representative Hannan relayed that the bill referenced "regular use" and on page 3, line 5, the term "periodic use" was used. She wanted to ensure that an individual with a ten-year trapping cabin permit would not be required to use the cabin every year in order to prove it was being utilized on a regular or periodic basis. She asked Ms. Hillgartner to provide DNR's definition of regular use and periodic use. She asked how many trapping cabins currently existed.

Ms. Hillgartner replied that there were currently 83 existing trapping cabins on state lands. She relayed that regular use required that there be evidence that a trapper was using the cabin in association with trapping activities. If an individual was issued a ten-year trapping cabin permit, the department would determine regular use by examining elements such as proof of income as a result of the trapping. The department would not necessarily mandate

that there be proof of annual use of a cabin, but for a trapper to provide proof that the cabin was being used in association with trapping activities during the term of the permit.

Representative Hannan asked for clarification that to prove regular use, there would need to be evidence that an individual used the cabin throughout the permit period, but there did not need to be evidence of selling furs. She shared that the trapper she worked with would hold furs for several years if the price of fur declined and would sell the furs again once the price increased.

Ms. Hillgartner would verify the information and follow up.

Representative Cronk commented that he had a personal conflict because he held a permit. He shared that he submitted ceilings receipts to DFG as proof that he was using the cabin. Many cabins were in remote locations: one of his cabins was 14 miles off the road and another was 26 miles off the road. It could become a safety issue when trappers were in remote locations and the temperatures dropped and individuals had nowhere to go to seek shelter. He relayed that the cabins could also be for survival purposes.

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Representative Tomaszewski asked about the requirement for a trap line to be sufficient length to justify the need for the cabin. He asked Mr. Jepsen for more information on sufficient length.

Mr. Jepsen responded that sufficient length was generally regarded as any length that would be hazardous to run the trapline without the presence of a nearby shelter. Sufficient length was subjective and dependent upon each trapper's individual circumstances, topography, and weather. The main deciding factor was whether it would be hazardous to run the trapline without the availability of a shelter.

Co-Chair Foster noted that the meeting was intended to be an introduction of the bill. He asked if the bill sponsor had any closing comments.

Representative McKay thanked the committee for its time.

HB 125 was HEARD and HELD in committee for further consideration.

#hb178

HOUSE BILL NO. 178

"An Act relating to village safe water and hygienic sewage disposal facilities."

[2:56:58 PM](#)

Co-Chair Foster relayed that the committee would hear an introduction on HB 178.

PAUL LABOLLE, STAFF, REPRESENTATIVE NEAL FOSTER, introduced HB 178. The bill would provide statutory guidance to the Commissioner of the Department of Environmental Conservation (DEC) in administering the Village Safe Water Program (VSWP) and direct the commissioner to prioritize VSWP projects based on need. Historically, the amount of funding available for sanitation improvements in rural Alaska had been inadequate to meet the identified needs. As a result, funding agencies had developed a criteria to determine eligibility and priority for the limited resources available. The Best Practices Score (BPS) was created as the metric through which to determine eligibility.

Mr. LaBolle continued that now that Infrastructure Investment and Jobs Act (IIJA) had provided adequate funding, HB 178 would ensure that the communities with the worst water and sewer infrastructure would be the first communities served by VSWP. Based on the Spring 2023 scoring cycle, 95 of 196 communities in the state did not meet the minimum threshold for funding through VSWP. If the BPS continued to be used to determine eligibility and priority, the state ran the risk of IIJA funds expiring or being reallocated elsewhere before projects could be confirmed. He relayed that BPS remained an effective tool to identify the strengths and weaknesses of a community and to identify ways to assist a community. It was an assessment tool to ensure that the state was doing its job and to identify communities in need, but not as a barrier to deny funding to communities in need. He shared that Section 14.20 of VSWP required the state to develop a capacity development strategy for the Environmental

Protection Agency (EPA) that outlined the methods used to identify and prioritize communities in need. He emphasized that VSWP did not indicate that assessment should be used as a hurdle to eligibility.

Co-Chair Foster commented that rural legislators had expressed frustration over the years regarding the way in which smaller communities received funding for water. Some communities had no piped water or sewer and were considered unserved communities. He clarified that the bill mandated that a community's need be placed as a higher priority than a community's capacity to maintain a system. Some communities did not score well on maintenance abilities, but the need for water and sewer was high. He understood that it was a problem that some communities could not maintain a system, but accessibility was more important. He emphasized the importance of capturing the incoming federal IIJA funds.

[3:02:33 PM](#)

Co-Chair Edgmon asked Mr. LaBolle to provide information about the crafting of the bill.

Mr. LaBolle responded that Co-Chair Foster's office had collaborated with Co-Chair Edgmon's office as well as the Alaska Municipal League (AML) and Alaska Native Tribal Health Consortium (ANTHC) to find a workable way to change the metrics that determined project prioritization. There were presently three main portions that went into prioritization: needs, BPS, and the affordability framework. The bill would make needs the highest priority rather than considering it equally amongst two other elements.

Co-Chair Foster added that awarded funds were based on a Rural Utility Business Advisor (RUBA) scoring system. If a community received a low score, it would not be awarded funds and would not be able to afford a water and sewer system.

Mr. LaBolle commented that testifiers were available for questions.

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Representative Hannan understood that RUBA left out communities that were most in need and the bill would change the way in which funds were awarded to be based on need. She asked how need was defined or measured.

Co-Chair Foster responded that need could be determined by whether a community had a piped water system. Some communities had part of a water or sewer system, but the area was not fully serviced. He thought the easiest way to determine need was whether there was a fully operational water and sewer system.

Mr. LaBolle responded that the department conducted a needs assessment which was already part of the ongoing prioritization process. The bill would move the existing needs metric to the top.

Representative Hannan asked if need was on the scoring rubric already. She asked how the high need areas would be distinguished from one another. She clarified that she supported the bill.

Mr. LaBolle responded that the needs assessment was not included within BPS. He explained that BPS was a separate sheet that dealt with managerial capacity.

Representative Hannan replied that she presumed that the department would know that she wanted to see the needs assessment and ensure that the least served villages would be the highest priority.

Co-Chair Foster noted that he would provide at the next meeting a list of served and unserved communities in order to provide members with a sense of the needs in the state.

Representative Coulombe commented that her concern was that the department had shared that it had experienced difficulty changing the scoring system because of the requirements of the federal government. She wanted to ensure that the changes would not be in conflict with federal requirements.

Mr. LaBolle deferred the question to the department.

[3:09:52 PM](#)

RANDY BATES, DIRECTOR, DIVISION OF WATER, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, relayed that the department did not take a position on the bill. He emphasized that the department wanted to ensure that communities had the opportunity to take advantage of IIJA funds. It was important to assist rural communities in any way possible. Although the department did not take a position on the bill, it recognized the desire to prioritize needs for eligible communities. He did not think that the bill as worded would accomplish the desired goal.

Representative Coulombe asked if the state's ability to utilize federal funds would be impacted if the bill were to pass.

Mr. Bates responded in the negative. The department intended to use all of the available funds. He did not think any community would be left behind. It was also the desire of the department to ensure that the communities would be able to safely maintain and operate the facilities in the long term.

Representative Coulombe asked if the score card required by the federal government came from the federal government itself or from the department.

Mr. Bates replied that SDWA required that there be a capacity assessment in place prior to the construction and operation of a facility. The department had utilized BPS as one of the assessment tools that would predict whether a community could safely maintain and operate a facility. If the department were to abandon BPS and eliminate a capacity assessment, certain funding would be jeopardized.

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Representative Stapp thought it was a smart idea to ensure that high needs communities received important utility systems. He was concerned that the facilities would not be maintained after the IIJA money had lapsed if certain assessments were abandoned.

Mr. Bates responded that the existing scoring system was necessary to determine capacity. It determined whether a community could safely maintain and operate a facility and would give the state the opportunity to assist a community

to build its strengths and work towards developing the capacity to maintain and operate a facility.

3:16:02 PM

Co-Chair Edgmon referred to Section 14.20 of VSWP which detailed state authority for new systems. There was a requirement to comport with respect to each national primary drinking water regulation in effect. He asked Mr. Bates if the bill would make it easier for the department to compete for federal funding and make Alaska more competitive. He relayed that in the past, he had worked as a regulator in a state agency and the power of regulatory authority allowed a regulator to take a simple sentence in statute and derive significant meaning through the regulatory process. He asked if the VSWP could be expanded upon to meet the frustration and concern about lack of facilities through the regulatory process.

Mr. Bates asked Co-Chair Edgmon to restate the second portion of his question.

Co-Chair Edgmon responded that he understood that the statutory addition to VSWP would give the department some additional tools to enhance the scoring mechanism. He thought that the scoring mechanism needed to advance to the "next level" in order to take advantage of potential federal funding. He asked if his understanding was correct.

Mr. Bates responded that the department recognized that the common denominator was BPS and the managerial and financial scores were particularly on a decline. The department had been working on a plan to reverse the declining scores. In 2022, the Division of Community and Regional Affairs (DCRA) gained two additional staff, \$500,000 in additional funding, and a federal grant recognizing that DCRA needed to approve service to the communities specific to addressing declining scores in the managerial and financial categories. There was a new grant awarded to AML that was also dedicated to addressing the declining scores. He emphasized that the department had recognized BPS challenges and the state had committed resources to address the problems. It was not the intention of the department to keep systems at bay, but to help communities become eligible under the scoring rubric. The department had affirmed its commitment to evaluating the scores in a transparent and public manner by soliciting input,

evaluating information, and determining the efficacy of the scores. He emphasized that the department intended to take full advantage of the IIJA funding; however, communities had to be in a position to accept infrastructure projects in order for the facilities to operate safely and sustainably.

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Co-Chair Edgmon thought the discussion was important. The circumstances in some smaller communities in the state were challenging. He thought there were several requirements that went beyond the letter of the law. He was not hearing whether the bill would provide more statutory "cover" to evolve the scoring system. He wanted to make sure that the bill would provide a tool to the department that would help it better serve communities in need. He wanted to give constituents the assurance that the issue was being taken seriously.

CARRIE BOHAN, FACILITIES PROGRAM MANAGER, DIVISION OF WATER, DEPARTMENT OF ENVIRONMENTAL CONSERVATION, noted that the description of the project evaluation criteria described previously [by Mr. Bates] was not fully accurate. She would be happy to provide the correct information to the committee. The first category upon which the department determined priorities was potential health benefits, and the second looked at the current level of service in a community. The first two categories made up 50 percent of project scoring. The third category was capacity. She clarified that affordability was not an eligibility or scoring criteria, but a simple tool to help inform the department on the anticipated fees. The department would also discuss with a community its plan for sustaining the system and determine whether the community could partner with entities to compensate for higher costs that citizens could not afford.

Co-Chair Edgmon commented that there were communities that could not currently meet the criteria and it was important to help the communities meet the criteria. He asked whether the bill would make it more difficult to achieve the goal.

Mr. Bates responded in the negative. The bill would not hurt the department's process or prevent it from achieving the goal of helping communities meet the criteria. It would affirm much of the process that was already in place.

3:29:47 PM

Co-Chair Edgmon asked what it would take to help the department and if it would need any statutory assistance. There was about \$250 million available in federal funding for which the state would not qualify under the current system.

Mr. Bates replied that it was important to know that the \$250 million in funding was not VSWP funding, but was in the capital budget as Indian Health Service (IHS) funding. He relayed that IHD did not consider capacity in awarding funding for infrastructure to communities in need. The department needed help with assisting the community in developing managerial and technical capacity in order to become eligible through the scoring metric. It would require the community and the department to collaborate to ensure that the community would be able to independently operate and maintain a water and sewer system. He emphasized that the department was making changes and was looking for support in its continued efforts towards making additional changes on the delivery of service. Communities needed to know what the required steps were to become successful and it was the department's responsibility to educate the communities.

Co-Chair Edgmon explained that the frustration he was feeling was directed towards not having a larger picture. He was aware that the problem was capacity-driven in rural Alaska. He suggested that the bill contain a larger context. There were many communities in the state that needed water and sewer systems and millions of dollars would soon be available to construct the system and he had not heard enough conversation about it. He thought there was much more to be discussed.

Co-Chair Foster commented that he wished that everyone could spend time in a village to understand the desperate need for safe water systems. He thought that if state workers were subjected to a honey bucket system, all workers would immediately push for implementing water and sewer systems in villages. He thought that everyone was trying to accomplish the same thing and he thought that the bill would do a lot of good. He thought that people were beginning to understand the level of frustration felt about the system. It had been popular to say that honey buckets

belonged in museums for over thirty years and nothing had changed. He thought some progress was being made but many people were frustrated that the progress was not substantial enough. A lack of water and sewer was a third-world situation, and he thought it was an important issue in the state. It was prudent to take advantage of IIJA money and he did not want to miss the opportunity. He understood the need for capacity and suggested that it might be the responsibility of the state to help communities reach capacity. He relayed that life, safety, and health were three of the most important constitutional priorities.

Co-Chair Foster noted that Mr. Bates mentioned that IHS did not consider capacity. He would like Ms. Francine Moreno to provide additional information on the topic. He asked what the legislature could do to help the department. He wondered if need was placed above capacity by ANTHC.

[3:38:10 PM](#)

FRANCINE MORENO, DIRECTOR, RURAL UTILITY MANAGEMENT SERVICES, ALASKA NATIVE TRIBAL HEALTH CONSORTIUM (via teleconference), responded that the IIJA funds included a criteria for capacity based on needs.

Co-Chair Foster thought that Mr. Bates had said that IHS did not consider capacity. He asked Mr. Bates to explain what he meant in more detail.

Ms. Bohan responded that it was her understanding that IHS used the Sanitation Deficiency System (SDS) to evaluate projects. She was a member of the scoring committee along with IHS, EPA, and other federal agencies that was responsible for determining eligibility for both VSWP funding and IHS money. There was a capacity indicator included in the efforts of the committee which was developed in collaboration with the agencies. The tool was stripped of its indicators about a year prior and as a result, all communities received the same score from the capacity indicator and what remained was scoring based on need.

Representative Galvin was interested in the capacity building element. She had read that at least \$3.5 billion would be available to develop new infrastructure. She relayed that when the state was building its educational

system, there were no schools, teachers, or housing for teachers and that many people would agree that it was a capacity issue. She emphasized that the state made education happen because it was important and it was in the state constitution. She was unsure if the word "need" had to be included in the bill in order to stress the importance. She asked Mr. Bates if any of the IIJA funds bound for the state would assist in building capacity in order to initiate projects. If the funds would not assist in building capacity, it needed to be addressed as soon as possible.

[3:42:36 PM](#)

Mr. Bates responded that ongoing education and support was a subsidized system and it was a different process than community infrastructure. He shared that \$2.1 billion of the \$3.5 billion in IIJA funds for new infrastructure were allocated to Alaska. Once the water and sewer systems were built, the federal money would cease and it would be the responsibility of the communities to maintain and operate the systems sustainably. The state would not provide subsidies for the ongoing maintenance and operation of the systems nor would the federal government. He wondered if the 142 residents of Wales, Alaska would be capable and willing to pay the required fee of over \$300 per month to maintain a new water and sewer system. He thought it would be a challenge to the community to pay for the service on a monthly basis. The department did not have appropriations for the ongoing operation and maintenance for community systems.

Representative Galvin asked if there were suppositions being made about what the citizens of Wales would or would not do. She suggested there might be other ways to pay for the system, such as through tribal organizations. She did not think it should be a barrier to building a system.

Mr. Bates responded that the department was not making suppositions or guesses. The department would ensure that the system would be supported by the community and that the residents were willing and able to financially support the system. He shared that the Wales residents had been surveyed and Ms. Bohan could speak to the results of the survey.

Ms. Bohan added that there was planning document created which detailed the potential expenses for a water and sewer system in Wales. The survey asked community members about their willingness to pay over \$300 per month for a new system and none of the respondents were willing to pay the amount. Similar planning documents included a section related to sustainability and the department found that it could often come to a logical engineering solution, but the sustainability solution was often marginalized. The department decided to separate engineering from sustainability and consider the two separately. The department would collaborate with the community on potential sustainability plans and determine if there were regional partnerships available to assist it in paying the rate for the new systems.

Representative Galvin appreciated the response. She presumed that the idea of a monthly fee must feel foreign to some communities. She thought there was a clash of cultures, and the fees might seem impossible to some citizens, particularly if the community was not cash-based. She had visited many villages in the state and often slept on the floor of a library or another public building because there was no housing available. She thought that villages were being set up to fail by demanding capacity prior to the approval of a project. The issue needed to be approached in a different way.

Mr. Bates responded that one of the challenges experienced by many rural communities was that there was not an industry in the local area. There were opportunities for other regional partners to subsidize the rates to operate and maintain a new water and sewer system. Without subsidies, community members would be responsible for the entire cost of a system. He assured the committee that there were regional programs that could assist in some areas.

[3:51:05 PM](#)

Representative Hannan noted that there were a few letters in the committee packet detailing the opinions of several rural communities. There was a letter from the community of Bethel (copy on file) that described a potential "bureaucratic nightmare" involving significant score reductions from one year to the next despite submitting a nearly identical plan. She wondered if the department had

the opportunity to respond to Bethel and whether it would include the committee in its correspondence. She understood that Bethel had the capacity for a system and was still struggling with receiving a passable score within the scoring rubric. There was an additional letter in the packet (copy on file) from DEC Commissioner Jason Brune to the Alaska Bush Caucus that stated that in the Spring 2023 scoring cycle, 95 of 196 communities did not meet the minimum threshold; however, not all communities were seeking funding for water and sewer infrastructure. She asked why a community would be scored even if it were not seeking funding.

Mr. Bates responded that the department's responses to the letters were included in the packet as well (copies on file). The letter from the city of Bethel included a particularly significant amount of information. The department had a draft response specific to one of Bethel's projects and it had responded to many of Bethel's concerns largely related to the managerial and financial components of the scoring tool. He shared that DEC had not yet coordinated a response with its sister agency, the Department of Commerce, Community and Economic Development (DCCED). He relayed that he would share the final draft of the response with the committee once it was drafted.

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Ms. Bohan responded that previous to 2015, the similar but more arduous capacity assessment tool RUBA was in place and the scoring took place after funding was awarded. The tool created some issues in that communities often took years to work with RUBA to demonstrate the minimum capacity to release the funds, which generally had a limited lifespan of around five years. The funds were then held up by one community which prevented another community that had the capacity to move forward from utilizing the funds. The department intentionally changed the order of operations so that the scoring effort would occur in advance of allocating funding. The new ordering would also provide a more current idea of a community's capacity and the ways in which it could use assistance from the state. The program was voluntary and a community could choose to sit out if was not interested in participating. The department was concerned that if the data were collected only once a year, there could be a drastic decline in capacity before the next assessment. The department thought that scoring

communities twice a year would be more helpful and accurate than scoring communities once a year. The department would conduct one assessment for informational purposes and the other would be to determine eligibility. If a community had met the minimum score, it could submit an application. It was possible for the department to see only 10 to 20 applications for construction every year.

Mr. Bates thought it was important for the department to recognize and own that there were areas of improvement. He was happy to provide additional comments or have additional conversations with committee members. He emphasized that it was a goal of the department to provide excellent service to the state's rural communities.

Co-Chair Foster understood that the issue was challenging. He thought that food and shelter were top priorities for human beings and the following priorities were sanitation and clean water. He realized that it was important to ensure that systems were being maintained for the long term and that it could be difficult. He found it concerning that many community members did not have basic water and sewer. He went to 27 villages in the prior summer and many people washed their hands repeatedly in the same bucket of water for days on end. He thought that need was more important than the capacity to maintain a system.

[4:00:12 PM](#)

HB 178 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the agenda for the following day's meeting.

ADJOURNMENT

[4:00:39 PM](#)

The meeting was adjourned at 4:00 p.m.