

HOUSE FINANCE COMMITTEE
April 26, 2024
9:41 a.m.

9:41:54 AM

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 9:41 a.m.

MEMBERS PRESENT

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

Representative Bryce Edgmon, Co-Chair

ALSO PRESENT

Representative Tom McKay, Sponsor; Trevor Jepsen, Staff,
Representative Tom McKay; Brodie Anderson, Staff,
Representative Neal Foster.

PRESENT VIA TELECONFERENCE

Melanie Werdon, Director, Division of Geological and Geophysical Surveys, Department of Natural Resources.

SUMMARY

HB 169 FISHERIES REHABILITATION PERMIT/PROJECT

HB 169 was SCHEDULED but not HEARD.

HB 174 STATE FUND FIDUC DUTY:SOCIAL/POL INTEREST

HB 174 was SCHEDULED but not HEARD.

HB 232 DISABLED VETERANS: RETIREMENT BENEFITS

HB 232 was SCHEDULED but not HEARD.

HB 257 COOK INLET SEISMIC DATA

HB 257 was REPORTED out of committee with eight "do pass" recommendations and two "amend" recommendations and with one previously published fiscal impact note: FN1 (DNR).

Co-Chair Foster reviewed the meeting agenda.

#hb257

HOUSE BILL NO. 257

"An Act requiring the Department of Natural Resources to make Cook Inlet seismic survey data available to certain persons; and providing for an effective date."

9:43:30 AM

Co-Chair Foster invited the bill sponsor and his staff to the table for a brief recap on the bill.

REPRESENTATIVE TOM MCKAY, SPONSOR, appreciated the bill hearing. The bill would make state-owned seismic data available to scientists and independent consultants in the oil and gas industry at no cost. He explained that professionals had expressed interest in evaluating the information in order to locate future prospects for oil and gas in Cook Inlet. He referenced that the fiscal note included funding to compensate the Department of Natural Resources (DNR) because the department would normally sell the data at a minimum cost. The note would compensate DNR for the loss in revenue. He was optimistic it was one of a series of bills that could help secure more oil and gas reserves in Cook Inlet that could be used to heat residents' homes and keep the lights on. He thanked the committee.

9:45:32 AM

Co-Chair Foster requested a review of the fiscal note from DNR.

MELANIE WERDON, DIRECTOR, DIVISION OF GEOLOGICAL AND GEOPHYSICAL SURVEYS, DEPARTMENT OF NATURAL RESOURCES (via teleconference), explained fiscal note OMB component number 1031, control code ifzvp. The fiscal note was updated and properly reflected a fund source swap of \$35,000 from designated general funds (DGF) to unrestricted general funds (UGF). The bill amended AS 41.08.020 and directed the division to make seismic survey and other geophysical data available without charge to a qualified person for land inside the Cook Inlet sedimentary basin unless the data was confidential by statute or on private land. Currently, the general fund program receipt revenue from annual Cook Inlet seismic data sales supported operating costs for the Division of Geological and Geophysical Surveys and receipt collections were utilized to administer system maintenance and management and distribution of seismic data. The work was currently funded with the limited receipts associated with the sales of seismic data. Implementing the bill would render the Cook Inlet portion, which was less than 5 percent of the total statewide seismic sale revenue, no longer available to the division. The division estimated a revenue loss of \$35,000. The operating cost to manage and publish the data and make it publicly available would have to be supported by UGF.

[9:48:42 AM](#)

Representative Hannan stated that DNR was estimating there could be as much as a \$35,000 loss and the fiscal note gave the department UGF to replace the potential loss. She asked what happened if the loss was below \$35,000. She asked if the department would still receive the full \$35,000.

TREVOR JEPSEN, STAFF, REPRESENTATIVE TOM MCKAY, responded that the sponsor viewed the \$35,000 as an estimate as the department had only made slightly under \$27,000 over the past five fiscal years from the Cook Inlet seismic sales. The department was already administering the program to the tune of millions of dollars for Cook Inlet and the North Slope. The sponsor's office did not foresee a \$35,000 decrease in the division's revenue based on recent Cook Inlet data sales.

Ms. Werdon replied that the estimate in the fiscal note came from historical data and the expectation of a transfer of Cook Inlet data from the Division of Oil and Gas to the Division of Geological and Geophysical Surveys for future sales.

9:50:50 AM

Representative Hannan clarified that she was not opposed to the bill. She stated that if the division had been collecting around \$5,000 to \$6,000 per year in revenue for the data, giving the department \$35,000 to give away the data seemed like a leap. She had no problem compensating the department for the lost revenue, but she did not want to give the division additional revenues to do other things that the legislature did not intend.

Co-Chair Johnson answered that extra revenue would lapse at the end of the year. She wanted to make sure the department would not be shorted \$35,000.

Co-Chair Foster asked to hear from his staff. He restated the question.

BRODIE ANDERSON, STAFF, REPRESENTATIVE NEAL FOSTER, replied that if the bill were to pass with the fiscal note as written, the fund source swap would occur regardless of the estimated loss. He relayed that if the fiscal note was included in the fiscal note package the budget conference committee would address later in session, there would be a possibility for the conference committee to amend the amount. Currently, as written, the fund swap (from DGF to UGF) of \$35,000 would occur if the bill passed the legislature.

Co-Chair Foster asked if it was also possible for the funding to lapse if it was not used.

Mr. Anderson agreed that any unspent DNR funds would lapse back to the general fund at the end of the fiscal year.

Representative Hannan remarked on the intention to increase gas development in Cook Inlet. She considered a scenario where the funding went into the department's receipts for all seismic work as opposed to a line item in the DNR budget specifically for Cook Inlet gas, and it did not result in gas development. She wondered about giving

revenue away. She would be more interested seeing the conference committee look at the item. She could see including a small amount of money for DNR in the fiscal note and following up with supplemental funds if needed. She understood the fiscal note was not large, but the department was currently directed to charge for the data by statute and now the legislature was telling the department to give it away for free no matter what the cost.

Representative McKay responded that his primary intent was to get the data out to hopefully find new oil and gas resources to benefit Alaskans. He was not so concerned with the internal accounting within DNR. He was hoping DNR could explain that aspect.

Mr. Jepsen referenced the \$27,000 in historical sales of seismic data over the past five years. He relayed that DNR had communicated that 10-year Cook Inlet data that may be more valuable was upcoming and would lapse into state hands. He suggested that DNR could potentially expound on that.

Mr. Anderson relayed that the \$35,000 would go to the Division of Geological and Geophysical Surveys. He suggested asking what other things the division would be able to spend the money on.

Ms. Werdon replied that the division would use the funds to administer the servers and system maintenance data management and upgrades and associated staff time and for the distribution of the seismic data itself.

[9:58:24 AM](#)

Co-Chair Foster stated it would be great if there was some contingency language included, but the committee could move on. He asked Representative McKay if he had any comments on the matter. He noted the bill would have to go to the Senate as well.

Representative McKay knew from the beginning that the fiscal note issue was a bit confusing. The goal had been to estimate how much revenue DNR may lose as a result of the bill.

Co-Chair Foster suggested that the committee could move the bill out if the committee supported the idea. He noted that

the fix was minor, and it could be made by the Senate. He believed it was a good point raised by Representative Hannan.

Co-Chair Johnson MOVED to REPORT HB 257 out of committee with individual recommendations and the accompanying fiscal note.

There being NO OBJECTION, it was so ordered.

HB 257 was REPORTED out of committee with eight "do pass" recommendations and two "amend" recommendations and with one previously published fiscal impact note: FN1 (DNR).

Co-Chair Foster recessed the meeting to a call of the chair [note: meeting never reconvened].

ADJOURNMENT

[10:00:51 AM](#)

The meeting was adjourned at 10:00 a.m.