

HOUSE FINANCE COMMITTEE  
April 26, 2024  
3:11 p.m.

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CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 3:11 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

MEMBERS ABSENT

Representative Frank Tomaszewski

ALSO PRESENT

Representative Kevin McCabe, Sponsor; Dave Stancliff, Staff, Representative Mike Cronk; Joe Felkl, Legislative Liaison, Department of Fish and Game; Representative George Rauscher, Sponsor; Ryan McKee, Staff, Representative George Rauscher; Honour Miller-Austin, Staff, Representative Will Stapp; Craig Valdez, Staff, Representative George Rauscher; Representative Jesse Sumner; Brodie Anderson, Staff, Representative Neal Foster.

PRESENT VIA TELECONFERENCE

Zach Hanna, Chief Investment Officer, Treasury Division, Department of Revenue; Deven Mitchell, CEO, Alaska Permanent Fund Corporation; Nancy Hillstrand, Owner, Pioneer Alaskan Fisheries and Coal Point Trading, Seldovia; Tom Harris, Vice President, Cape Fox Corporation; CEO

Knikatnu, Anchorage; Emily Anderson, Alaska Director, Wild Salmon Center, Anchorage; Flip Pryor, Aquaculture Section Chief, Department of Fish and Game; Mark Whisenhunt, Self, Palmer; Ian Walsh, Legislative Counsel, Legislative Legal Services; Julie Estey, Chief Strategy Officer, Matanuska Electric Association, Palmer; Jeremy Kasper, Director, Alaska Center for Energy And Power, University Of Alaska Fairbanks; Ken Huckeba, Self, Wasilla.

SUMMARY

HB 169 FISHERIES REHABILITATION PERMIT/PROJECT

HB 169 was HEARD and HELD in committee for further consideration.

HB 174 STATE FUND FIDUC DUTY:SOCIAL/POL INTEREST

HB 174 was HEARD and HELD in committee for further consideration.

HB 232 DISABLED VETERANS: RETIREMENT BENEFITS

HB 232 was HEARD and HELD in committee for further consideration.

HB 260 CATASTROPHIC ILLNESS/MEDICAL ASSISTANCE

HB 260 was HEARD and HELD in committee for further consideration.

HB 368 ELECTRICAL ENERGY & ENERGY PORTFOLIO STDS

HB 368 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the meeting agenda.

#hb174

HOUSE BILL NO. 174

"An Act restricting fiduciary actions by a fiduciary of a state fund, the Alaska Retirement Management Board, and the Alaska Permanent Fund Corporation Board that have the purpose of furthering social, political, or ideological interests."

3:13:26 PM

Co-Chair Foster invited the bill sponsor and his staff to the table.

REPRESENTATIVE KEVIN MCCABE, SPONSOR, offered a brief recap of the bill. The bill prioritized the financial or pecuniary interests of beneficiaries when managing state funds, ensuring responsible investment decisions focused solely on financial gain. The bill reinforced and guaranteed that state funds continue to be managed in such a way as to ensure a maximum risk adjusted return within established parameters. The bill strengthened efforts to establish a sustainable long-term fiscal plan for Alaska by eliminating external social, political, or ideological goals from investment considerations. He stated that the bill did not limit options for achieving maximum risk adjusted return. The bill would align Alaska with a growing number of states by introducing legislation that emphasized responsible investment management and fiscal responsibility. The bill prohibited practices like board stacking ensuring members of predominant boards prioritize financial gain and refrain from advancing external non-pecuniary interests. He relayed that passage of the bill would be a significant step forward in responsible investment management for Alaska, safeguarding citizens' financial interests for the state's long term benefit.

Representative McCabe stated that the bill would ask the state's large funds to maintain focus on achieving the highest possible rate of return within the established risk parameters for fiduciaries. He elaborated that the bill would mean Alaskans could trust that their financial interests were being protected, contributing to confidence in the state's management and fostering a stable economic environment. He hoped it would fortify the development of a durable and sustainable long-term fiscal strategy for the state devoid of trends or influences. He thanked the committee for hearing the bill.

Co-Chair Foster OPENED public testimony.

Co-Chair Foster CLOSED public testimony. He provided the contact information for written testimony.

Co-Chair Foster asked for a review of the fiscal notes. He began with the fiscal note from the Department of Revenue (DOR).

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ZACH HANNA, CHIEF INVESTMENT OFFICER, TREASURY DIVISION, DEPARTMENT OF REVENUE (via teleconference), reviewed the fiscal note from DOR, control code cQJja. He began by stating that the Alaska Retirement Management Board (ARMB) and Treasury Division staff were very focused on the state's long standing fiduciary duty covered under AS 37.10.071(c) to invest in the sole financial best interest of the roughly \$50 billion in funds collectively managed by the department. He relayed that the investment standard was higher than that of most states, which had been critical in avoiding some of the problems highlighted by the bill. The department had no issue with the intent of the bill, and it would not change what the department invested in. He added that aspects of the bill were helpful in clarifying the existing fiduciary standard.

Mr. Hanna relayed that the department's primary concern was related to the section of the bill [Section 1] specifying that "an action is considered to have the purpose of furthering a social, political, or ideological interest if evidence indicates a commitment to" a series of five specific activities. He stated that some of the underlying companies and stock market index funds and elsewhere in the funds managed by the division were engaged in some mix of the five activities. He pointed out that it was despite the investments having been made only in the sole financial best interests of the funds managed by the division.

Mr. Hanna remarked that the fact the division invested in the companies may be considered evidence by some that the investments were questionable or not permitted under the language in the bill. He understood that was not the intent of the legislation; however, they were hot button issues for the press, public, and special interest groups who may misinterpret the language in the bill. Consequently, the division would anticipate an increase in information requests and testimony and engagement with ARMB and staff, and the potential for a recurring need to prove that the fiduciary standard was being followed in even easily benign investment cases or to prove a negative that ARMB and staff

were not engaged in investment for social, political, or ideological reasons when that had never been the case.

Mr. Hanna stated that the research could be time consuming and either supplanted existing investment activity or called for more staff resources. The division had no issue doing the additional work if it was needed from a policy perspective, but the division was a small organization running at lean staffing levels. The division was requesting an additional investment officer in its fiscal note. He relayed that he would be remiss in painting the need for the resource as a certainty. He clarified that the fiscal note was an estimate based on the division's expectations given the current environment. He understood there could be differences of opinion. He elaborated that the resource lift could be low, or it could be high initially and taper off over time. The division operated under a microscope through a public process, which was totally fitting due to its management of public assets. Ultimately, the division would fold into its workflow whatever policy path was laid out by the legislature regardless of resource addition. He thanked the committee for its time.

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Representative Galvin stated her understanding that the funds were presently managed under the prudent investor rule, which ensured a comprehensive consideration of all things that an investor should consider. She imagined that a prudent investor would want to be aware of any changes in the market that may come about due to social, political, or ideological factors. She wondered how much the bill may hamper the division as fund managers and worrying they may run afoul with the proposed statute. She understood it was difficult to know the direction of the market. She noted that Mr. Hanna had mentioned being under a microscope already and she was not certain one [additional] investment officer would be sufficient to address all of the questions that may come as a result of the bill.

Mr. Hanna responded that the prudent investor rule was part of AS 37.10.071(c) and the prudent investor rule was fairly common across state funds. He quoted a piece of the statute, "apply the prudent investor rule and exercise the fiduciary duty in the sole financial best interest of the funds." He explained that Alaska's statutory standard was

higher than most states had. He clarified that the division did not believe the bill would constrain its ability to invest in the highest risk adjusted returns or in the sole financial best interest of the funds. He believed the language may be misinterpreted by some and may call into question those investments even though they had been made according to the standard and that defending those investments may be time consuming. He noted that the division had seen the topic over the years. He shared that in 2000 he had done a fairly sizeable research project on ESG [environmental social governance] investments when the board had been approached over a series of meetings and years to make investments that were arguably in line with social, political, or ideological interests. He had presented the research to the board and the board had adopted its position as reiterating the underlying fiduciary standard and that all aspects touching on risk and return should be borne in mind when making investments, but investments should only be made if they were in the sole financial best interest of the plans.

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Representative Josephson provided a hypothetical scenario, excluding the controversy related to the Alaska Permanent Fund Corporation (APFC) investing \$200 million in the State of Alaska, which he believed was fairly unique. He considered a scenario where the state wanted to invest in [the oil company] Santos (with the Pikka project west of Prudhoe Bay) and the company was under orders from its Australian board to promote carbon capture, utilization, and storage (CCUS). He believed the main point of CCUS was to eliminate greenhouse gases. He detailed that even though the state's interest in investing in Santos may be to make money, Santos was interested in making money, while keeping the climate as carbon-free as possible. He asked if Mr. Hanna would interpret the situation to mean the state could not invest in Santos.

Mr. Hanna clarified that he was the CIO of the DOR Treasury Division and not APFC. He wondered if Representative Josephson may want to direct his question to APFC.

Representative Josephson asked if Mr. Hanna's office did not have any oversight over ARMB.

Mr. Hanna replied that his office had oversight over ARMB, but the specific issue Representative Josephson was asking about was APFC related.

Representative Josephson asked Mr. Hanna the same question relative to ARMB.

Mr. Hanna answered that the hypothetical scenario touched on a potential additional issue that he had not commented on previously. He explained that ultimately any investment made under existing statute and under the proposed legislation would have to be in sole financial best interest of funds managed by the Treasury Division. That being said, some of the investments were with companies that engage in some of the five activities listed in the bill. The scenario used by Representative Josephson fell under the first of the five listed. He did not believe it would prohibit investment in something if a company engaged in offsetting or disclosing greenhouse gas emissions, provided the investment was driven solely for financial reasons; however, the mere fact of making an investment like that became challenging for the board and staff because it may provide evidence in the minds of some that the investment had been made for the purpose of social, political, or ideological interests. He stated that defending it and clarifying for the public that it was not the case, could be time consuming.

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Representative McCabe responded to the question by Representative Josephson. He stated that in competitive labor markets and product markets corporate managers were trying to maximize long-term shareholder value and they should of their own accord pay attention to employee, customer, community, and environmental issues, which is what Santos did. He stated that the bill specified the primary focus of ARMB and APFC should be to maximize the money coming in that would be supplied to the Permanent Fund to fund government or to retirees. He indicated that they should only be focused on the pecuniary money coming in and not the secondary or tertiary carbon sequestration.

Co-Chair Foster noted that the DOR fiscal note was OMB component 121. He asked for a review of the APFC fiscal note, OMB component 109.

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DEVEN MITCHELL, CEO, ALASKA PERMANENT FUND CORPORATION, JUNEAU (via teleconference), reviewed the indeterminate fiscal note control code zTKkm from APFC. He stated that that the fiscal note incorporated some of the thought process Mr. Hanna had discussed with the committee. He relayed that through the course of discussions with the bill sponsor and his staff, APFC determined there was a pretty clear path to adjusting its fiscal note through potential clarifications on the record of the bill's intent and/or a minor amendment to the bill. He remarked that the bill could be read in two different ways. He elaborated that the term "board" was critical because the board may not take an action that led to some of the activities described in the bill being priorities of staff. He explained that with that context, the bill was concerning from a fiscal impact perspective because staff would continue to invest the fund with the intent of preserving purchasing power of the fund and maximizing expected returns, but the APFC board would be restricted from mandating that staff invest based on the criteria identified in the legislation. The corporation understood the bill sponsor's intent and looked forward to the continuation of the conversation.

Representative Josephson asked if the bill would prohibit APFC from considering a divestment from a firearms manufacturer because they were a firearms manufacturer. He provided a hypothetical scenario where the board considered that there were 100,000 people shot per year and 40,000 killed by firearms and that it would be possible to make as much money investing somewhere else. He wondered if it would be consistent with the prudent investor rule.

Mr. Mitchell responded that based on his understanding of the sponsor's intent, the board may not take an action that would prohibit APFC from investing with a firearms manufacturer (for example), but the level of restriction would not change the way APFC staff would consider investments' risks and rewards for purposes of determining whether they fit into the APFC portfolio. From a prudent investor perspective, APFC staff would continue to do the same activities they did presently in identifying the best investments for the fund. Under the legislation, staff would do so with the knowledge that a board could not

direct staff against investing in the fashion described in the five ways listed in the bill.

Co-Chair Foster believed Fadil Limani with DOR was trying to call into the meeting and may want to add to the conversation.

Representative Hannan referenced an earlier question by Representative Josephson directed to DOR. The question had pertained to APFC's use of \$200 million towards Alaska business investments three or four years earlier. She asked if the bill would require a different analysis or restriction on APFC's ability to choose to do an Alaska specific investment. It was her understanding the board decided to make the investment even though it was taking a greater risk in some of the investments because they did not have a long financial track record.

Mr. Mitchell replied that he did not think the bill would do anything to change the board's ability to consider asset allocation or investment policy decisions that may incorporate deploying money in Alaska. There was a statute specifying that to the extent risk and reward were equal that APFC should consider or favor Alaskan deployment of money for investment purposes. He looked at the five categories in the legislation and highlighted eliminating, reducing, offsetting, or disclosing greenhouse gas emissions as an example. He stated it would become one of the limitations of the powers of the board. He explained that the board would not be able to mandate that APFC invest with that outcome, rather it could have an additional program in Alaska or in a different asset class anywhere as long as it met the other standards in the prudent investor rule and statutory framework of the corporation.

Representative Hannan considered a hypothetical scenario where the carbon sequestration industry started to flourish in Alaska and an Alaskan company was established with that intended purpose. She remarked that because it was a nascent industry there was not a long investment record. She wondered if the bill would restrict APFC from being able to invest in the companies arising in the carbon sequestration industry over the next 20 years.

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Mr. Mitchell responded that as long as the bill was interpreted as he had described where the check was at the board action level, there should not be an impact because staff would still analyze each investment opportunity on its own merits. He stated it would not be under the directive of the board to deploy money specifically into the area based on a mandate at the board level, but it could still be deployed in the area to take advantage of economic opportunity or location to benefit the returns of the corporation on behalf of the fund.

Representative Coulombe asked about the phrase "for the purpose of furthering a social, political, or ideological interest." She thought it seemed pretty clear that the bill was directing investments to those making for the fund. She stated it did not seem to appear to say the funds could not invest in companies that were doing these things. She asked if it was the phrase APFC was concerned about. She wondered if the phrase was clear or needed clarification.

Mr. Mitchell believed Representative Coulombe was referencing AS 37.13.120(f)(2). He had not focused on those criteria specifically. He referenced his interpretation based on conversations with the bill sponsor's staff that the restrictions were prohibited for the board to mandate, not for staff to participate in investments that may otherwise fall within the criteria; the bill would mean investments would not be based on a mandate of a board, but on the fiduciary standards and criteria that were followed to maximize return of the fund. He stated that as long as that was the interpretation, it became much less concerning from his perspective. He noted that it was already the way the fund operated to maximize return; APFC did not manage for social, environmental, or governmental change reasons.

Representative McCabe agreed with the statement by Mr. Mitchell. He did not want the board to be changed or stacked to be able to mandate staff to not invest in any oil companies because oil was bad, even though the oil companies in the portfolio were currently the highest performing companies. He highlighted a hospital doing a surgery the board did not like as another hypothetical example. He did not want divestment in a high paying company because of something it did. He thanked the committee for its time.

Co-Chair Foster Amendment set an amendment deadline for Wednesday, May 1 at 5:00 p.m.

HB 174 was HEARD and HELD in committee for further consideration.

#hb169

HOUSE BILL NO. 169

"An Act relating to certain fish; and establishing a fisheries rehabilitation permit."

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Representative Cronk offered a brief overview of the bill. He stated that the idea of establishing a fisheries rehabilitation permit for certain fish came about seven years back with former Representative Dave Talerico due to fish issues on the Yukon and Kuskokwim Rivers. The concept was a result of thinking outside of the box to come up with tools to rebuild wild chinook runs on the Yukon or any other place the situation was occurring. He relayed that the bill would increase the limit of rehabilitation permits already allowed by the Department of Fish and Game (DFG). He noted that a representative from the department was present to provide additional information.

Representative Cronk reviewed that there were segregated, integrated, and conservation hatcheries. The bill did not fall under any of the aforementioned categories. The bill related to enhancing survival of wild salmon in their natural habitat using portable nonpermanent operations and equipment. He clarified that it was not a hatchery. The bill would utilize the benefits of advanced portable equipment. He elaborated that fish would be returned to their natural watershed as developed eggs or emerging fry. He detailed that there was no artificial rearing, feeding, and imprinting challenges. Additionally, operations would avoid the expensive capital costs of permanent hatchery facilities, operations, and domestication issues. He stated that the process complimented Alaska's escapement management approach towards maximum sustainability by addressing the discreet subpopulation of salmon that current escapement management models could not address.

Representative Cronk disputed the rhetoric that the bill would enable anyone to grab a permit, hatch fish in their

backyard, and dump them in the river. He had also heard the claims the practice allowed under the bill would create potential inbreeding, competition, and disease. He clarified that the bill would not allow any of those things. He emphasized that the permits would be highly regulated through DFG.

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JOE FELKL, LEGISLATIVE LIAISON, DEPARTMENT OF FISH AND GAME, noted that Aquaculture Section Chief Flip Prior was available via teleconference for any programmatic or permitting questions. He relayed that DFG had worked with Representative Cronk and previous bill sponsors in the past on the topic to make the bill workable for DFG to implement. The department had no concerns with the bill.

Co-Chair Foster relayed that the committee would hear public testimony followed by a review of the fiscal notes. He OPENED public testimony.

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NANCY HILLSTRAND, OWNER, PIONEER ALASKAN FISHERIES AND COAL POINT TRADING, SELDOVIA (via teleconference), shared that she had been in the business for over 50 years. She added that she had also been a DFG fish culturist for 21 years and understood enhancement well. She had raised chinook, coho, sockeye, pinks, and chums. She highlighted that chinook were very difficult to raise. She understood that the eggs would be put in the gravel; however, chinook were in a very stressed situation at present. She did not believe it was a good idea to have people taking more brood stock from stressed situations. She opposed HB 169. She knew everyone desired to help collapsing salmon populations, but it would not happen in a vacuum. She emphasized that decades of misguided management needed to be addressed and factors needed to be acknowledged. She stated the bill was duplicative and created another costly loose end with no monitoring or safeguards on already stressed populations. She added that any monitoring would be very costly.

Ms. Hillstrand thought the practice allowed in the bill may worsen disease and it added stress. She asked the committee to consult the expertise of DFG aquatic resources permitting staff. She explained that the program was

already in place and structured in a three step classification program: small for 500 eggs, medium up to 50,000 eggs, and larger for propagating for accredited institutions, tribal entities, federal, state, or other local entities. She stated that using an aquatic resources propagation permit instead of another additional measure was a more measured cost-effective way that was already in place. She detailed that the bill would create costly repercussions not anticipated to already stressed populations of salmon. She stressed that 500,000 eggs were much too large an impact with little to no oversight. She remarked that the state needed to face how management decisions were affecting populations. She noted that the old ways were obviously not working. She highlighted that the sustainable salmon policy 5 AAC 39.222 urged the precautionary approach. She emphasized that if the goal was to sustain salmon, precaution needed to be applied immediately to save money, time, and energy. She asked the committee to oppose the legislation. She believed there had to be a better option than applying a band-aid.

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Representative Josephson believed Ms. Hillstrand wrote on the topic occasionally. He recalled the bill from the late teens. He noted that Ms. Hillstrand had encouraged committee members to contact the DFG aquatic resources permitting staff. It was his sense that DFG supported the legislation. He asked if the staff were independent thinkers who would be comfortable speaking to legislators.

Ms. Hillstrand responded that a lot of DFG staff were not allowed to speak to the legislature or to the Board of Fisheries. She shared that she had worked with the Board of Fisheries for decades. She noted there was a problem there; however, when she had called the aquatic permitting staff had been very helpful and had told her about the three stages they went through. She considered the bill and thought there was a better way. She wondered why add a duplicative layer when there was something already in place. She had been told by the staff that they wanted to make sure people were interested and would take care of the fish and they started out with a small [number of fish]. She thought a step by step situation was much better than allowing people to take 500,000 eggs. She remarked that it was a substantial amount of king salmon to take out of a population. She noted that the fish stocks in each of the

river systems were distinct and people would want to take 500,000 eggs from each area. She stated it was a lot of work and to do it right it would require a substantial amount of money. She suggested starting with aquatic use permits if the action was going to take place. She thought the top rung of the classification program gave people enough time to learn instead of letting people who were not qualified to be out there taking eggs. She relayed that aquatic use was not the commercial side of DFG and she thought it was important to stay away from the Commercial Fisheries Division. She believed that if the goal was to support the fish that starting out slow was the right way to go.

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Representative Galvin asked if Ms. Hillstrand was suggesting that DFG's current program was a better more incremental way to go so that individuals knew what they were doing before they got to the larger size removal. She stated her understanding that 500,000 was the largest number [of eggs] and there were also small and medium categories.

Ms. Hillstrand agreed. She explained that HB 169 let people take up to 500,000 eggs. She emphasized that for Coho and chinook it was a lot of eggs/female fish to take from the wild. She detailed that people were not that good at fish culture or handling eggs. She recommended going through the aquatic resource permit to start individuals out slow. She had been told by the aquatic permitting staff that they wanted to know a person could handle 500 eggs first before increasing to the next level. She stated the second level was 10,000 eggs and she thought the third may be 100,000 eggs. She stressed the need to go very slowly when working with enhancement. She stated that opening the barn door wide open would be very dangerous for fisheries while they were down.

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TOM HARRIS, VICE PRESIDENT, CAPE FOX CORPORATION; CEO KNIKATNU, ANCHORAGE (via teleconference), shared that the Fog Woman [totem pole] was located in downtown Ketchikan and it described the reseeding of salmon that had been taught to him as a child by his grandmother. His grandmother had taught him that if a salmon was taken out

of the mouth of the river, there was a moral, ethical, and cultural obligation to finish the journey for the salmon. He described taking the eggs and milk and mixing them into cool, bubbling water. The carcass was taken upstream, and the process was done in cedar baskets. He was disappointed in the previous testimony. He stated that the legend was 14,000 years old, and he believed it was important for sports fishermen, commercial fishermen, and the government to know that if people were not reseeding the resource, it did not reflect harvesting but mining. He stated there were excellent examples worldwide from New Zealand to New York State of people using versions of the same process. He highlighted that the process was legal in Washington, Oregon, California, and the Great Lakes. He stated it was important for salmon to be in their home river. He highlighted the natural process and remarked that it was not happening in hatcheries. He relayed that in 2022, New Zealand announced they were taking over the world's king salmon market; the country was now collecting large salmon from its rivers due to reseeding programs. He stated it was not rocket science. He referenced the large percentage of kings and chum coming from hatcheries in Alaska and stated it was not a healthy system. He stated it was an ancient custom practiced around the world and it was time to be able to practice it at home.

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EMILY ANDERSON, ALASKA DIRECTOR, WILD SALMON CENTER, ANCHORAGE (via teleconference), testified in opposition to the bill. She appreciated the bill sponsor's desire to boost fish populations in areas where numbers were down; however, it had been found that over many decades that rehabilitation using hatchery enhancement could have numerous unintended consequences that could make the situation much worse. She stated that Alaska had taken a fairly careful approach to hatchery development in state waters to ensure the protection of wild salmon stocks. She elaborated that while it was not perfect, Alaska's current fish enhancement and hatchery development policy sought to segregate wild fish from hatchery fish where possible to avoid interbreeding, competition, and harvest management problems. The current law also established safeguards to protect wild fish from disease and inbreeding.

Ms. Anderson had heard committee discussions that attempt to distinguish rehabilitation projects from hatchery

enhancement projects; however, both were hatcheries and both shared the same risk. She stated that although the bill required the commissioner when issuing a permit to determine that the project would not harm indigenous wild fish stocks, there were no requirements in the bill to segregate hatchery fish from wild fish. Additionally, the bill did not contain safeguards to prevent inbreeding or disease outbreaks and there were no requirements for the permit holder to have any qualifications. She stated that since the risk to wild fish was so high at the current point, it should not be an option to waive or weaken safeguards simply because a permitted operation was smaller. She explained that it all had ramifications because HB 169 specifically targeted weak stock fisheries that were struggling and needed the most care.

Ms. Anderson relayed that the permitted activities under the bill were not eligible for areas with healthy fish populations. She remarked that unfortunately the bill set up a process that mirrored rehabilitation efforts in the Lower 48 that had only continued to drive depleted wild salmon populations to the brink. She stated that the efforts had reduced genetic diversity and the overall fitness of populations, making those fish less successful at reproducing in the wild. Additionally, the efforts had increased competition for struggling populations. She elaborated that decades of scientific research indicate that fish rehabilitation projects did not restore depleted stocks and only masked the problem for a period of time. She explained that it made it difficult later on for wild salmon stocks to recover when conditions improved naturally. She supported taking a careful approach to protect weak stocks and help them rebound. She supported focusing efforts on habitat rehabilitation and strong mixed stock fisheries management and trying to resist the temptation to fix the problem by increasing numbers through hatchery rehabilitation. She added that if a tribal entity or community really wanted to pursue a rehabilitation project, DFG already had a permitting process in place that made the bill unnecessary. She noted the safeguards in the current process were higher and stronger than those outlined in the bill. She encouraged the committee to vote against the legislation.

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Representative Ortiz asked Ms. Anderson to review her experience in the field.

Ms. Anderson responded that she was the Alaska director for the Wild Salmon Center. She is an attorney with a bachelor's degree in fisheries biology. Additionally, she worked closely on the testimony with the organization's science director who was a Ph.D. fisheries scientist.

Representative Ortiz asked if the Wild Salmon Center had a stance on hatcheries and aquaculture activities in general.

Ms. Anderson responded that the organization did not have an official position on aquaculture. She believed it had been evident over time that some wild fish populations in the U.S. had suffered from aquaculture and hatchery enhancement projects. In Alaska, most of the hatcheries had been set up to try to minimize that damage and segregate hatchery fish from wild stock. She stated that the bill was of concern to the organization because it basically took hatchery fish bred outside of natural conditions in incubator boxes and allowed them to be dumped on top of wild stocks that were really struggling to survive. She clarified that the concern was not about being anti-hatchery in any way; it was about trying to protect struggling, weak wild stocks.

Representative Ortiz noted that the sponsor statement for the bill specified that one of the benefits of the program was to enhance habitat in state water for survival of the fish. He asked for verification that Ms. Anderson had testified it would have the opposite impact.

Ms. Anderson understood that part of the bill specified habitat rehabilitation should occur. She supported that and believed habitat restoration was one of the things humans could do to really help wild stocks. She clarified that she did not think it was productive to have wild stocks harvested, reared, and placed back with wild stocks (to compete with eggs naturally hatching in river systems) by individuals who were not qualified to do so.

Representative Cronk asked how the Wild Salmon Center was funded.

Ms. Anderson responded that the organization was funded by private donors, individuals, and grassroots organizations

including people who hunt and fish and care deeply about Alaska fisheries.

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Co-Chair Foster CLOSED public testimony. He asked for a review of the fiscal note by DFG.

Mr. Fekl reviewed the DFG fiscal note, control code lyoAo. He detailed that the bill would create a new permit program, similar to the existing aquatic resource permit already offered by the department for scientific and education purposes. The new fishery rehabilitation permits would be available to the general public. Permit applications would be incorporated into current processes for existing permits such as the aquatic resource permit and would receive the same level of rigorous review. The permitting process would include analysis by DFG staff and public engagement for any projects involving salmon, through the regional planning team process.

Mr. Fekl elaborated that the Aquaculture Section under the Division of Commercial Fisheries would be responsible for reviewing the permit applications. He relayed that the section had been reduced by half in the past six years and did not have the resources to take on additional work. While the department did not expect the new workload to rise to the level of a full-time position, the department anticipated the need for a part-time seasonal position. The position would assist with managing the new permit program during high application times such as egg take season. The fiscal note reflected an increase in personal services cost to the Division of Commercial Fisheries in the amount of \$52,400 for a six-month part-time biologist 2 position located in Juneau. Additionally, the bill proposed a \$100 application fee. Presently, the number of applications the department would receive was unknown; therefore, the fiscal note was indeterminate pertaining to changes in revenue.

Representative Hannan asked if the application fee for the current permits was \$100 and whether there was any requirement for bonding under the current research permit if something went wrong.

Mr. Fekl deferred the question to a colleague.

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FLIP PRYOR, AQUACULTURE SECTION CHIEF, DEPARTMENT OF FISH AND GAME (via teleconference), responded that currently the aquatic resource permits did not have a \$100 fee and there was no bonding requirement.

Representative Hannan asked if there were bonding requirements for hatchery permits or if the state accepted all liability if something went awry.

Mr. Pryor replied that he was not aware of any bonding requirements through its permitting process.

Representative Ortiz referenced Representative Cronk's testimony that there was a similar existing process for projects to go forward. He asked what the legislation did to try to expand the participation in programs. He asked if it targeted groups that could not currently access the existing program. He asked what types of groups those may be.

Mr. Felkl responded that the current permits had to be for education or scientific purposes. He clarified that existing permits could not to rehabilitate a depressed run, which was the intent of the bill. The bill would expand the permit from education and scientific entities such as schools to the general public. He directed members to page 4, line 23 of the bill including the definition of person, which could include an individual, corporation, business, partnership, tribe, government, government subdivision, agency, and other.

Representative Ortiz stated his understanding there would be a stripping of the eggs and he wondered about the next stage. He wondered if the eggs would go into a protective environment to increase survival capabilities predators and things like that.

Mr. Felkl responded affirmatively. He explained that it would be protecting the eggs at one of their most vulnerable states. He deferred to Mr. Pryor for additional detail.

Mr. Pryor added that the purpose of the practice would be to protect the eggs during the development stage. He elaborated that when eggs were in the gravel, they were vulnerable to multiple things including environmental

factors such as freezing. Typically, the process would involve a salmon egg box, which was a box with some upwelling water to keep eggs from freezing and allowing them to grow in a protected environment.

[4:16:46 PM](#)

Representative Ortiz asked what knowledge a person would need in order to place one of the boxes in a wild stream setting. He referenced Mr. Pryor's description of creating upwelling and protecting eggs from freezing. He asked if it was a fairly simple task or if a person would need a strong background on the subject.

Mr. Pryor responded that the process was not very difficult. He explained that the boxes could be built out of plywood and PVC piping or purchased commercially. Part of the permitting process would require an applicant to submit a plan. He relayed that DFG has expertise within the department to help applicants have the most successful program possible.

Representative Coulombe referenced the sponsor's remarks that the bill had been around for some time. She asked what some of the problems had been and why the bill did not pass the last time. She asked if the bill reflected any changes from the original attempt.

DAVE STANCLIFF, STAFF, REPRESENTATIVE MIKE CRONK, responded that the primary issue in the past was that the state was not running out of the options that now seemed to be running out. He elaborated that the crisis in the Yukon had not reached the point where there was legislation introduced to talk about closing areas entirely. He explained that the timing of the request had been different than it was at present. He stated that most importantly, the legislation had been tweaked to give the commissioner the ability to shut a permit down, the oversight was greater, and the requirements people had to go through were more stringent. The bill aimed to ensure the department did its part in making sure anyone entering into the endeavor (e.g., a school system, corporation, or tribe) was qualified.

[4:19:44 PM](#)

Representative Hannan directed a question to Mr. Pryor. She stated her understanding of the bill that qualifying applicants could receive a permit for a period of five years and 500,000 eggs. She provided a hypothetical example where a person wanted to rear king salmon and opted to grow 100,000 eggs per year for five years. She noted that king salmon leaving [the rivers] may be gone for three to six years. She asked if there was any obligation to have some measure of success before a permit holder made their next collection of eggs. She considered a scenario where the first class of 100,000 were very successful but they did not return for five years and the second class returned small in size but after three years in the ocean.

Mr. Pryor responded that part of the five-year design in the permit pertained to a life cycle. He stated that the purpose of a rehabilitation program was the goal of putting return spawners on the spawning grounds to continue spawning generations. The idea was to take a low stock and build it up. He explained that if the permit was issued and a person utilized a plan as in Representative Hannan's example, the first fish would return in small numbers as three-year-olds, four-year-olds would likely be the dominant return, and five-year-olds to seven-year-olds could return if the species was chinook. He elaborated that after that time period the permit holder would be finished with the specific permit. He detailed that applicants would want to look at whether they were producing fish because their goal of a rehabilitation program was to build stocks back up to historic numbers. He stated that it was part of the application and review process, but a lot of it was on the applicant to decide if they were accomplishing what they wanted to accomplish.

Mr. Felkl added that the bill required a permit holder to collect and provide data and reports as requested by DFG. The department would have continued oversight.

Representative Hannan had heard from fisheries biologists that most of the current problems were happening in the ocean, so a program may not seem successful because very few fish were returning. She considered that the application fee was fairly low, and a person would not have a large investment in infrastructure and buildings. She asked how the state would decide how long a person could continue to get a permit. She asked if it was on the department to decide ahead of time that if a permit holder

did not have a return of 10 percent or 50 percent they could not go forward. She asked if a person could keep cycling through five-year permits as long as they were not polluting or damaging wild stock.

Mr. Felkl responded that during the department's review of the bill it considered potentially requiring fin clippings to track the fish. He believed a permit holder would be limited to the five-year period, but he asked Mr. Pryor to weigh in.

[4:24:50 PM](#)

Mr. Pryor responded that the five-year permit would be a limit on a site. A project would be able to commence for one life cycle in a specific location. He clarified that the department would not re-permit for the same location five years later. He elaborated that the department wanted returning adult fish on the spawning grounds helping with the stock and did not want to continually do the hatchery bucket for more than one generation. An individual could apply for another permit for a different location.

Representative Josephson replied to Representative Coulombe's earlier question. He relayed that when the bill was sponsored by former Representative Talerico, it would have been the 2017 and 2018 session. Representative Josephson along with former Representative Geran Tarr had been the co-chairs of the House Resources Committee and he recalled the fundamental concern had been about the wild salmon stock, which was the reason they had not advanced the bill.

Co-Chair Foster stated it was his intent to set an amendment deadline for the following day at noon; however, he could be flexible with the deadline if people thought they may have amendments.

Representative Josephson stated there were a number of amendment deadlines. He asked when Co-Chair Foster expected to hear the bill again. For example, if the bill would not be heard until Tuesday, he asked if a Monday deadline would be adequate.

Co-Chair Foster relayed that the bill was currently scheduled again for Monday at 9:00 a.m., but he would extend the deadline to noon on Monday.

Representative Hannan remarked that it was already 4:30 p.m. on Friday and she knew Legislative Legal Services had staff working all of the time at present; however, she thought it seemed unrealistic to give them an amendment on Friday evening and have it back the following day.

Co-Chair Foster set the amendment deadline for 5:00 p.m. for Monday. He asked if the sponsor had any closing remarks.

Representative Cronk thanked the committee for hearing the bill. He thought committee members were confusing the bill with hatchery fish. He underscored that the process in the bill used wild fish harvested out of rivers. He clarified that the process involved using wild fish eggs harvested from a river and put back into the same location. He emphasized that the bill did not impact wild stock. The process enhanced the fertilization rate from 5 percent to 90 percent. He highlighted that people had not been fishing on the Yukon for four years and they would not be able to fish for another seven years because of a treaty. He relayed that the dam location in Canada had seen fewer than 200 chinooks return. He stressed that a tool was needed to enable people to rebuild the wild stock in order for people to fish again. He noted it would enable any entity to take on the process. He added that it would be difficult because some tributaries were hard to reach, but it would provide an opportunity. He reiterated the bill only pertained to wild fish. He wondered what would happen if the state sat by and watched the wild stock deplete until there was no fish. He wondered what the state would do at that point. He asked if hatchery fish would be used to rebuild the stock. He would much prefer to have the tool available in order to rebuild the wild fish stock.

Co-Chair Foster relayed that he had subsistence users on the Yukon and in western Alaska who were hurting. He shared that he had recently visited the village of Gambell, and residents had such low income they relied on being able to subsist. He thought anything the state could do to help them was a good idea. He thanked the bill presenters and the department.

HB 169 was HEARD and HELD in committee for further consideration.

#hb232

HOUSE BILL NO. 232

"An Act relating to retirement benefits and military service."

4:32:57 PM

REPRESENTATIVE GEORGE RAUSCHER, SPONSOR, read the sponsor statement (copy on file):

House Bill 232 allows Veterans who are totally and permanently disabled to access their accrued PERS retirement benefits without penalty. HB 232 also allows military service, which has been purchased in accordance with the PERS standards to count towards the credited service requirements for normal retirement.

Veterans who are totally and permanently disabled struggle to work and keep gainful employment due to their service-connected disabilities. As such, this class of veterans often struggles with income stability. If HB 232 becomes law, it will provide disabled veterans with access to their PERS retirement benefits at a time when they need it most.

HB 232 does not provide any additional benefits beyond those rightfully earned by veterans through their dedicated public service.

By passing HB 232, the Legislature will help provide stability to our disabled veterans when they need it most.

Representative Rauscher asked his staff to review the sectional analysis.

4:34:31 PM

RYAN MCKEE, STAFF, REPRESENTATIVE GEORGE RAUSCHER, went through the sectional analysis (copy on file):

Section 1: AS 39.35.370(a)

This section amends AS 39.35.370(a) to add additional language related to eligibility requirements when a terminated employee is eligible for a normal

retirement benefit. Specifically adding new subsections, A and B to section 1, lines 7 through 10.

Section 2:  
Repeals three statutes.

Mr. McKee believed there was an individual online to provide invited testimony.

MARK WHISENHUNT, SELF, PALMER (via teleconference), spoke in support of the legislation and provided prepared remarks:

I am advocating for disabled veterans. I hope you all support HB 232 for the following reasons. Disabled veterans often face challenges like limited employment opportunities, difficulties in accessing quality healthcare, and higher rates of mental health issues such as PTSD. The transition to civilian life can be particularly challenging. Some service members find themselves contributing to their communities through state and local government roles.

As they make the transition from active duty to civilian life, veterans often downplay the physical or emotional impact of their service; however, it's important to recognize that for some, these impacts simply cannot be ignored. There's a class of veterans who are totally and permanently disabled and they face even greater struggles for work and gainful employment due to their service connected disabilities. As such, this class of veteran often struggles with income stability.

I am one of those veterans who is now permanently disabled. I served my country for five years and I would do it again without hesitation. I did not fully realize the impact of service connected conditions when I first finished my active duty time. Through the years, not only have I personally experienced these challenges, but I have watched many of those I served with face similar obstacles. I recently realized that something could be done to help and that you all have the power and ability to make a difference.

HB 232 could serve a crucial role in addressing the unique needs of disabled veterans in state and local

government service. Your support and advocating for and ensuring the implementation of this legislation emphasizes our unwavering support to those who have devoted their lives to serving our country and our community with pride and distinction. HB 232 provides a means for totally and permanently disabled veterans to access the retirement benefits they earned through their state and local service at a time when they need it most. It offers vital support and truly serves as a lifeline for disabled veterans as they navigate the financial, physical, and emotional challenges associated with their service-connected disability.

Inaction on this matter would not only run counter to our shared values, but it would be a disservice to those who have given so much for our nation, our state, and our local communities. I'd like to share some statistics in response to the fiscal note. Less than 4 percent of all veterans have been deemed totally and permanently disabled by the Department of Veterans Affairs (VA). The VA authored a study in 2019 on the mortality rate of 100 percent service-connected disabled veterans. The study revealed the small group of U.S. veterans have a significantly diminished life expectancy when compared to the civilian population of the United States. Women veterans have a 22 percent reduced life expectancy and men have an 11 percent reduced life expectancy. It means that our disabled veterans are dying on average, 15 years sooner than their civilian counterparts.

So how many disabled veterans currently have a PERS account? The Retirement Division does not collect that data, but in the makeup of our state, we can get an estimation. The estimation is derived by looking at the number of applicable members and program, which is currently 13,338. You multiply that by the percent of residents who are veterans, which is approximately 10 percent. Finally, you multiply the percent of veterans who are permanently and totally disabled, which is about 3.6 percent. After doing so, one can estimate the total number of totally and permanently disabled veterans with a PERS account to be approximately 48 people.

It's my belief that allowing approximately 48 disabled veterans who have a significantly reduced life

expectancy to access their hard earned retirement funds, will in no way cause an undue hardship on the PERS system. In conclusion, I humbly ask each of you to stand united and vote in favor of HB 232. Remember, it's less than 4 percent of all veterans that have that designation of totally and permanently disabled. Yet this modest change will be very impactful in supporting their wellbeing.

Mr. Whisenhunt was available for questions and thanked the committee for its service.

[4:40:35 PM](#)

Representative Hannan thanked Mr. Whisenhunt for doing the math. Her primary concern was about the number of people the bill impacted because the definitions were very narrow. She looked at the fiscal note and stated her understanding that the bill allowed a veteran to use the military service time if they were fully disabled due to combat time to draw their Public Employees' Retirement System (PERS) benefit. She observed that the fiscal note seemed to say that a health benefit was not included. She asked if individuals with a service related full disability would already be eligible for full medical coverage through the VA.

Mr. Whisenhunt responded affirmatively.

Co-Chair Foster asked for closing remarks from the bill sponsor.

Representative Rauscher thanked the committee for hearing the legislation. He stated that it was tough for service men and women who defend Americans' lives to get through some of the things people took for granted such as jobs, income, and providing for their families. He appreciated the committee's consideration of the bill.

Co-Chair Foster set an amendment deadline for Tuesday, April 30 at 5:00 p.m.

HB 232 was HEARD and HELD in committee for further consideration.

#hb260

HOUSE BILL NO. 260

"An Act repealing programs for catastrophic illness assistance and medical assistance for chronic and acute medical conditions."

4:43:46 PM

AT EASE

4:44:30 PM

RECONVENED

Co-Chair Foster invited the bill sponsor and staff to come to the table.

REPRESENTATIVE WILL STAPP, SPONSOR, introduced himself.

HONOUR MILLER-AUSTIN, STAFF, REPRESENTATIVE WILL STAPP, introduced herself.

Representative Stapp explained that he had been going through the operating budget book and in light of the SNAP [Supplemental Nutrition Assistance Program] backlog he had visited some of the Division of Public Assistance (DPA) facilities in Fairbanks and across the state to try to determine what kind of administration burden was plaguing the Department of Health (DOH). In his conversations with department staff, he had discovered the Catastrophic Acute Medical Assistance (CAMA) program. He had been told by the DPA office in Fairbanks that there was no one on the program, yet the office still had to process applications. He had discovered that in the past several years there had only been one person in the program. In response, he had asked the department a series of questions including the number of applications it processed for CAMA in the previous year. The department responded that it processed 6,226 applications and had approved no one. He thought it seemed administratively wasteful and wondered how no one qualified for the program.

Representative Stapp explained that the nucleus of the program was effectively rendered outmoded when the Affordable Care Act (ACA) passed, and Medicaid expansion occurred. He explained that individuals enrolled in CAMA basically fell off a cliff post-2015 in Alaska. He elaborated that CAMA was designed for individuals who did not qualify for Medicaid and could not get health insurance on their own. There was a negative fiscal note associated

with the bill. He asked his staff to review the sectional analysis.

[4:47:42 PM](#)

Ms. Miller-Austin reviewed the sectional analysis (copy on file):

Section 1 Amends existing legislation to remove references to programs for catastrophic illness assistance and medical assistance for chronic and acute conditions.

Section 2 Allows the issuance of subpoenas for investigations related to medical assistance programs removing references to repealed programs.

Section 3 Requires providers to grant access to records for medical assistance recipients and allows audits with adjustments for the repealed programs.

Section 4 Defines medical assistance fraud and specifies offenses related to medical assistance programs, updating references to the repealed programs.

Section 5 Addresses exclusion from medical assistance programs based on certain offenses with adjustments for repealed programs.

Section 6 Updates the definition of medical assistance program to exclude the repealed programs.

Section 7 Updates the definition of medical assistance provider to include the repealed programs.

Section 8 Updates the definitions of services to exclude the repealed programs.

Section 9 Adjusts regulations for civil history checks to exclude references to the repealed programs.

Section 10 Repeals specific sections of existing law related to the repealed programs.

Section 11 Specifies the applicability of amendments to offenses committed after the effective date of the act.

Section 12 Provides transition provisions for ongoing investigations and access to records related to services provided before the effective date of the act.

[4:49:20 PM](#)

Representative Hannan asked how the state received applications from 6,226 people for a program that no one was eligible for. She was concerned that there was a group of people that should have been walked through a different program. She asked if the individuals got there on their own.

Representative Stapp responded that statute required it to be on the front page of the application. He elaborated that when a person went to the DPA office to fill out an application, there were "a bunch of boxes that people can check." He detailed that often when individuals applied for public assistance, many people checked all of the boxes on the form. He expounded that when a person checked all of the boxes on the form the department was required to investigate whether or not an individual qualified for the program. He explained it was the reason for the high number of applications and so few approvals. The bill would repeal the program because it was the only way he could get the box for the [CAMA] program removed from the form.

Representative Josephson asked if the box individuals checked "was their entrée to Medicaid expansion or the Affordable Care Act."

Representative Stapp responded, "No." He explained that there was a series of different boxes on a one-page form including things like SNAP and Medicaid. He stated that one box was for general relief and another was for CAMA. He stated that there were individuals who checked all of the boxes on the form that eligibility technicians referred to as shotgun applications. He elaborated that the forms were multiple pages with a lot of information the applicant needed to fill out. He stated it was not really unreasonable to think that when an individual reached the "check the box portion" of the form that they checked all

of the boxes without giving that much thought to the process.

Representative Josephson asked if the burden of telling individuals they did not qualify for something (but they would qualify for something else) was \$154,000 per year.

Representative Stapp answered that two things were occurring. One was the appropriation on the grants and benefits line. He noted that the budget book showed that the actual for FY 23 was \$1.00. The legislature appropriated the money in the grants and benefit lines as if people would qualify for the program, but because no one did, the money lapsed or the department had authority to move up to \$10 million around; therefore, sometimes the money was likely spent through the RSA [Reimbursable Services Agreement] process. He relayed that the real cost to the program was in the processing time of DPA technicians. He had asked the department how long it took to process one of the applications on average. The answer was 90 minutes and was included in writing in members' bill packets. He relayed that multiplying \$6,226 times 90 minutes resulted in about 13,000 man hours. He expounded that based on the average wage of a DPA technician, the cost was around \$400,000 in administrative time and payroll as opposed to the grants and benefits line shown in the fiscal note. He remarked that one of the fascinating things about being on the House Finance Committee was that the committee just saw the money allocated to the line item and it did not see the cost of administering the program.

[4:53:20 PM](#)

Co-Chair Foster OPENED public testimony.

Co-Chair Foster CLOSED public testimony.

[4:54:18 PM](#)

Representative Galvin referenced the sponsor statement (copy on file) and observed that two applicants had qualified for the program in 2021 after ACA. She asked why and what happened to the individuals.

Representative Stapp deferred the question to his staff.

Ms. Miller-Austin responded the individuals fell into the window of the five-year waiting period where individuals coming to the United States from another country could not qualify for Medicaid during that time period.

Representative Galvin remarked that the U.S. had recently seen quite a few people coming in from Ukraine, Somalia, and other countries. She asked if rules had been changed meaning there would never be a similar situation to the two individuals who qualified [in 2021].

Representative Stapp responded that there was a very slim window of individuals who could in theory still qualify for CAMA; however, the individuals qualified for health insurance through the ACA. He stated that having CAMA as opposed to a policy through the ACA was more disadvantageous for the individual, especially because it was income based. He detailed that the [two] individuals were eligible for CAMA because of certain standards, but refugees were exempt from the five-year waiting period on the Medicaid program. He explained that the situation basically involved legal immigrants who had not been in the state for five years. He relayed that those individuals were also legally eligible for ACA. He stated that in terms of the best interest of the individual, it was much more advantageous for them to buy a policy through ACA.

Representative Galvin referred to the potential for new leadership in the U.S. government later in the year and the possibility of ACA going away. She asked if the scenario would mean the state would look at going back to using CAMA.

Representative Stapp responded that even if it were possible, the program should not be designed like CAMA. He considered a scenario where ACA was eliminated. He stated it would then be necessary to unwind Medicaid expansion. He suggested that under the scenario the state should create a program similar to the old CHIP program the state used to have. He stated that CAMA was an antiquated program. He deferred to his staff to provide additional detail on the program's history.

Ms. Miller-Austin responded that the program was designed to help middle class recipients who were too young for Medicare and with incomes too high to qualify for Medicaid who were not covered by health insurance or whose insurance

was insufficient to withstand a catastrophic illness episode without jeopardizing their financial resources, livelihood, and essential assets. She added that CAMA was established in 1986. She noted that since that time how coverage was obtained had progressed.

[4:58:58 PM](#)

Representative Galvin understood that Medicaid expansion and other things had helped fill the gap since then. She referenced the 13,000 man hours Representative Stapp discussed. She presumed that some of the applicants would need some sort of referral and would still need to fill out an application for a different program within DPS. She wanted to ensure that Representative Stapp had consulted with DPS on the topic.

Representative Stapp answered that the department did not break out the programs individually, which he believed was a mistake in how it tracked workflow. He remarked that he had another bill addressing the issue. He stated that all he could do was compare the answers from the department with the number of applications. He suggested that the next legislature consider mandating the department to track its workflow in order for the legislature to better understand how long and arduous the process was and to look for efficiencies, especially with a department that had a lot of trouble with administrative workload.

Representative Galvin asked if Representative Stapp consulted with DPA and if the director agreed his conclusions made sense.

Representative Stapp responded affirmatively.

Co-Chair Foster thanked the bill sponsor.

HB 260 was HEARD and HELD in committee for further consideration.

[5:02:04 PM](#)

AT EASE

[6:05:33 PM](#)

RECONVENED

#hb368

HOUSE BILL NO. 368

"An Act relating to clean energy standards and a clean energy transferable tax credit; and providing for an effective date."

Co-Chair Foster invited the bill sponsor and staff to the table. He asked for a brief recap of the bill.

[6:06:43 PM](#)

Representative Rauscher thanked the committee for hearing the bill. He remarked that the bill was critical in addressing a pressing economic and strategic issue facing the state. He discussed that the reserves of economically recoverable natural gas in Cook Inlet were dwindling. He stated it was not only an environmental issue, but a matter of economic security and energy independence for Alaska. The bill was about preparing the state for the future, ensuring it was not caught off guard as energy landscapes evolved. He noted there were currently multiple pieces of legislation focusing on various angles of the issue to address different parts of the solution. He stated that HB 368 was one part of the solution. The bill proposed a strategic shift toward diversifying the state's energy sources. He detailed that it was about making practical investments in technologies that could sustain Alaska's energy needs for the long-term including hydrogen, coal, micronuclear energy, wind, and solar. He wanted to focus on how the bill could bolster the state's economy and energy autonomy, reduce reliance on single sources, and keep Alaska's robust and competitive on the national stage. He highlighted that it was about prudent planning and ensuring a stable, prosperous future for all Alaskans. He thanked the committee and asked to hear from his staff.

[6:09:23 PM](#)

CRAIG VALDEZ, STAFF, REPRESENTATIVE GEORGE RAUSCHER, explained that the bill would create a clean energy portfolio standard, setting benchmarks for the amount of clean energy and the definitions of the energy, for increased amounts on the Railbelt. The bill would add clean energy transferrable tax credits, an incentive to build and produce clean energy to offset dwindling natural gas supplies. The bill would add statutory language for net billing as well as definitions.

Co-Chair Foster asked to hear from Ian Walsh with Legislative Legal Services regarding his legal memorandum.

6:10:31 PM

IAN WALSH, LEGISLATIVE COUNSEL, LEGISLATIVE LEGAL SERVICES (via teleconference), went through the legal memo dated April 24, 2024 (copy on file) that explained one possible issue Legislative Legal Services had identified with the legislation. He explained that the issue pertained to the Alaska Constitution's restrictions on enacting local and special legislation. The constitution specified that "the legislature shall pass no local or special act if a general act can be made applicable." He stated that many of the bill's provisions focused on the Railbelt and some focused on particular areas of the Railbelt such as the Copper Valley Electric Association. He elaborated that the bill may be considered special legislation; therefore, it would be important for the bill to survive constitutional scrutiny to ensure that the legislative record showed there was a fair and substantial relationship to the classifications established by the legislation.

Representative Ortiz asked Mr. Walsh to further explain his last statement in simpler terms.

Mr. Walsh replied that it was difficult to provide simpler language for the test that had been established for the constitutional provision. He explained that the special aspect of the legislation had to have relationship to legitimate purposes. He elaborated that if the legislature could show why there needed to be a special aspect of the act and that a more general act could not be made applicable under the circumstances, the bill could survive the constitutional scrutiny.

Co-Chair Foster stated his understanding of the explanation with an example. He detailed that if the bill specified that the tax credits were available to the Railbelt or for Homer it would be seen as being too specific. He stated his understanding that the laws should be more like "these tax credits are available to the entire state or populations under 5,000 or something" instead of being something specific to Homer for example.

Mr. Valdez agreed with the explanation provided by Co-Chair Foster. He relayed that the bill's language was built for any existing ERO [Electric Reliability Organization]. There was currently only one ERO, but the original statutory language written several years ago allowed for any one organization to be created in any part of the state. He reiterated that there was currently only one ERO, which may change in the future. He noted it was broadly applicable at present.

[6:14:07 PM](#)

Representative Stapp directed a question to Mr. Walsh. He thought the legislature did that all of the time already. He elaborated that there were rules about taxation on the North Slope, Middle Earth, and Cook Inlet, which were all geographic regions. He added that the Alaska Marine Highway System (AMHS) did not go to Nome in the summer. He asked Mr. Walsh to provide clarification.

Mr. Walsh responded that it was not a prohibition on enacting local and special legislation, just a restriction. Under the circumstances, there were likely very good reasons why a more general act or more general provisions could not be made applicable. He stated that without knowing more detail he could not be sure, but presumably the way those programs were implemented would provide constitutional scrutiny.

Representative Stapp asked for the difference between restricted and prohibited. He viewed the words as meaning the same thing.

Mr. Walsh answered that it was not an all-out prohibition on local and special legislation, the constitutional language (Article 2 Section 19) required that a local and special act could not be enacted if a general act could be made applicable.

Co-Chair Foster recognized Representative Jesse Sumner in the room.

Representative Ortiz noted that HB 307 had been heard the previous day and included the word "Railbelt" numerous times throughout the bill. He did not understand why the committee did not receive the same legal warning for HB 307. He asked what made HB 368 different.

Mr. Walsh agreed that there were many bills including HB 307 that dealt with specific geographic areas of the state. The constitutional provision applied to any legislation that the legislature might pass. The reason he had written the legal memo to HB 368 in particular was because some of the provisions in the bill focused on the service area of the Copper Valley Electric Association so it may not be considered a statewide application. He stated it was a bit challenging to give firm conclusions under the provision and circumstance.

Co-Chair Foster asked if the legal memo had arisen because the question had been posed by someone on the committee. He asked his staff to respond.

6:17:43 PM

BRODIE ANDERSON, STAFF, REPRESENTATIVE NEAL FOSTER, responded that a request had been made by committee members in response to the plethora of energy legislation coming before the committee in the past two weeks. He relayed there had been questions about some of the legal applications in regard to how the bills interacted with one another. A request had been made for the committee to request any legal memos that may have come up during conversations in prior committees and/or would accompany bills coming to the House Finance Committee. He had put out a blanket request that if there were any issues raised or possibly could be raised for all of the energy bills that they should be submitted to the co-chair's office.

Co-Chair Foster reiterated Mr. Anderson's statement that the memo was a blanket [request] because it applied to a couple of other bills as well. He viewed the issue as Legislative Legal advising the committee to keep the issue in mind, but he did not hear them saying, "this is an issue."

Representative Hannan directed a question to Mr. Walsh. She was trying to find the specific places in HB 368 that raised the concern. She looked at the reference to the Railbelt service area and Copper River Valley Association on page 4, lines 27 and 28. She did not see another reference until page 9 where Railbelt was defined as Kenai to the Interior. She asked if there were other references

in the bill that Mr. Walsh believed contributed to the concern.

Mr. Walsh responded that he believed the instances highlighted by Representative Hannan were the only occurrences he was aware of that would contribute to the concern. He agreed with Co-Chair Foster that it was a possible issue to take into consideration, but not something that would prevent the legislature from passing the legislation. He stated that the memo was mostly a suggestion that the record should be sufficient to justify the focus on the local issues.

Co-Chair Foster asked to hear from two invited testifiers.

[6:20:49 PM](#)

JULIE ESTEY, CHIEF STRATEGY OFFICER, MATANUSKA ELECTRIC ASSOCIATION, PALMER (via teleconference), stated that Alaska was at a critical point in energy with uncertainty in the natural gas supply. On the plus side, there were new innovative power options that were available currently or on the horizon. She listed energy sources such as nuclear, energy storage, and new ways of making old generation such as coal and gas more efficient. Additionally, renewable energy, which had struggled to be competitive in the past, was currently able to compete more closely with some of the projected fuel costs. There was also a large amount of federal funding available, which cut the cost in half for [Matanuska Electric Association (MEA)] members. She shared that the association had members asking it to be more innovative in its energy solutions by looking beyond traditional supplies and to look for ways to make the existing gas supply last longer. She stated that luckily Alaska had a governor and legislature that were invested and motivated in making changes to allow the state to grow into a new energy future.

Ms. Estey stated that as MEA looked towards the new energy future, it realized there were many options on the table. She explained that almost all of the options had benefits, costs, and tradeoffs. She elaborated that MEA was actively working on solutions with gas through the gas working group, collaborative projects with other utilities, and on its own efforts. She stated that individual utilities could not and should not go alone. She expounded that gone was the luxury of just thinking about its own ratepayers and

service territories. The association was now accountable to the system, region, and the rest of the state.

Ms. Estey shared that MEA appreciated the governor's leadership in forming the energy taskforce, which she had spoken about the previous day. There were three primary recommendations including the transmission unification, growing load, and to diversify generation. She elaborated that it included looking at innovation opportunities and the gas supplies, energy security and resilience, and keeping energy costs competitive. The first action listed under the strategy in the report was to develop a clean energy standard with incentives instead of penalties. The recommendation was made after meetings and the public process and for input from the National Renewable Energy Lab indicating that cooperatives be opted out of any penalties. She relayed that two legislators, Senator Click Bishop and Representative George Rauscher, were on the taskforce. She appreciated that the two legislators had asked how to realize the recommendations. She highlighted that SB 257 had come out of the Senate Resources Committee [2024 legislation pertaining to electric utility regulation]. She relayed that MEA appreciated Representative Rauscher's sponsorship of HB 368 to make some of the concepts and recommendations actionable.

Ms. Estey relayed that MEA had established its own goal of 50 percent clean energy by 2050. The association viewed it as a realistic goal and aspirational stretch to the limitations of the existing electric system, rate making realities, current regulatory and permitting environments, Alaska's harsh environmental, and lessons learned from other countries and states that did too much too soon without fully understanding the unintended consequences. The association appreciated that HB 368 aligned with MEA's target.

Ms. Estey shared that MEA appreciated the bill's reachable goals. She detailed that if the goal was good policy, it should be a catalyst for change and should not set up the industry to fail. She elaborated that many states and countries started with modest goals and increased as lessons were learned, and trust was gained. She relayed that many states had some sort of renewable portfolio standard, clean energy portfolio standard, or carbon reduction goals, many were far less aggressive than "this one," although some were more aggressive. The association

also appreciated the key role transmission played. She shared that the state's constrained system was a limiting factor. She explained that progress could be made with the constrained system, but it was limited. She detailed that MEA had the opportunity to lower cost and risk to members through economies of scale of sharing projects between utilities. Transmission improvements would be necessary to achieve big goals without incurring costs or relying on unproven technology.

Ms. Estey relayed that MEA appreciated provisions that counted progress in the standard and the ability to waive requirements if MEA was doing its best, but things were not working out. She stated that even the best projects experience delays. One of the association's favorite projects on the system was the Houston project, the largest utility scale solar project. She detailed there had been very willing participants and MEA was excited to work with the developers. There were great financing teams, the borough leased the land to the project, and MEA got a contract through to the Regulatory Commission of Alaska (RCA). She noted that world events and financing and supply chain issues had slowed progress; therefore, the project took longer than anticipated. She added that projects would not all run into those delays, but it was an example that there should be acknowledgement of progress even if there was something beyond control. She stated HB 368 allowed for that. Additionally, the bill allowed for a calculation for net metering energy. She described net metering energy as rooftop solar or individual homes with small wind turbines.

Ms. Estey highlighted that MEA supported member choice and believed distributed energy systems could be a component of meeting future energy needs. She stated it allowed for a provision to consider a guesstimate of the total fuel offset rather than what came back through the meter. She detailed that it was an acknowledgement that even though someone may only sell a portion of the power back to the utility, it was offsetting a great deal more gas on their side of the meter. She stated that MEA appreciated the provisions in the bill that allowed that to happen. The provisions also allowed for energy efficiency, which was key. She stated that the cheapest fuel was the fuel that did not have to be burned. She remarked that energy conservation efforts to reduce consumer demand or the amount burned through efficient generation should be reinforced. The bill reinforced collaboration among the

utilities to achieve goals. True to the taskforce recommendation, the bill included incentives in the form of tax credit to incentivize change and help with project economics. The bill also included a provision for net billing. She detailed that it allowed the RCA to vary the rates MEA could pay back to members based on how helpful the energy was at any given time. She explained that it decreased the potential for cross subsidization between the haves and the have-nots. Additionally, it made room for other technologies. She stated that MEA's diversification goals included an "all of the above" approach. She highlighted that MEA was working with Golden Valley Electric Association (GVEA) on a wind project and it was also coordinating with the association on possibly using coal. She relayed that when MEA surveyed its members, typically 65 to 75 percent responded they wanted to see more power with clean energy, but cost and reliability were consistently listed as the top priority.

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Ms. Estey continued that all of the options needed to be left on the table to meet growing power needs despite the uncertainty of Cook Inlet gas supply in the small vulnerable grid. The association believed the bill allowed for a full complement of fossil fuel, thermal based generation sources, and clean energy. The bill provided MEA's board with general state direction balanced with local control and flexibility to make the best choice for members.

Ms. Estey received two primary questions about the bill. The first was about coal being in a clean energy bill. She agreed it was creative and MEA had not seen it in another clean energy bill. She also believed it was recognition that "these are crazy times." She stated it was nice to have all options on the table. She remarked on a consideration of importing LNG in a resource rich state. She remarked that mine mouth coal likely had a lower environmental footprint than importing LNG, likely at a lower cost, and at lower risk. She added that it would keep money in the Alaskan economy. She reiterated that MEA wanted all options on the table. She stated it was not the right time to label energy as good or bad.

Ms. Estey stated that the second question she received was whether the bill was necessary. She viewed it as solving an

old problem in some ways. She elaborated that up until very recently clean energy was a nice thing to have and people believed the utilities were not moving fast enough. She relayed that with the recent announcement by Hilcorp and the uncertainty around natural gas, it brought market forces to play to solve the problem that often moved the needle much faster than policy: scarcity and price sensitivity. The association agreed with Chris Rose that alternate forms of energy including renewables and other clean energy could start competing with traditional fossil fuel options at the projected fuel prices. The association also agreed that scarcity and price sensitivity would allow economics in the free market to naturally drive a more diverse energy portfolio.

Ms. Estey relayed that MEA also understood there was a benefit in the legislature and governor setting a standard to give clear directions, certainty, and market signals. She stated it could provide direction to the RCA and co-op board to make bold moves toward the common vision of an energy transition. She communicated that MEA believed the bill contained a common sense clean energy standard that was pragmatic, aspirational, and flexible. The association believed it could act as a catalyst for energy transition for diversification and stabilization of cost. She communicated that reliability was key and keeping the lights on was essential. The association could not support any legislation that jeopardized its certificated responsibility and commitment to its members. The association believed the bill took those things into account. She concluded that while other voices were critical to the process and developing solutions, it would be the MEA board and the legislature who would be accountable for the success or failure of the energy transition going forward. The association appreciated being part of the solution.

[6:34:49 PM](#)

Representative Hannan asked about MEA's energy goal by 2050. She asked Ms. Estey if the 50 percent goal was for renewable or clean energy.

Ms. Estey responded that it was clean energy. She noted that the MEA board did not define the term.

Representative Hannan in the bill under clean energy could include gas, oil, nuclear, or coal as long as it involved sequestering an equal amount to producing. She asked if those options had been discussed by the MEA board and were included in its goal.

Ms. Estey answered that the MEA board did not provide specific direction on the specific technology. She stated it was a future conversation MEA was hoping to have once there was a better picture of the diversification options on the table. She elaborated that MEA staff was taking the more common broad-based approach to clean energy, which included renewables and some of the newer technologies to mitigate some of the carbon and manage some of the carbon in its traditional fossil fuels. She noted that the board had not provided any direction on the topic.

Representative Hannan asked if the MEA board had discussed that it should include coal and oil and gas (as long as it was sequestering) when the board developed the clean energy policy.

Ms. Estey responded that there were some broad conversations and individual comments made about specific technologies. She communicated that reliability and cost were the number one priority for members, which was important to the board. The association was hoping to consider an "all of the above" choice; currently a whole suite of options was on the table. She stated that the 50 percent goal meant 50 percent could be from clean energy and 50 percent could be from thermal traditional resources currently in use. She relayed that MEA was currently at 15 percent renewable energy and 85 percent thermal generation through natural gas. She added that MEA used some diesel and could switch to diesel in an emergency situation.

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Representative Galvin referenced a statement made by Ms. Estey about doing too much too soon without understanding unintended consequences. She asked for further explanation of the statement.

Ms. Estey responded replied that in the past there were other bills that suggested some more aggressive goals. She considered the realities of integrating new kinds of power in MEA's system as well as the limited transmission system

and the development timeline. She explained it was a reference to ensuring there was a realistic timeline. She relayed that MEA was very price sensitive. She detailed that 75 percent of its members were residential and included small businesses and families. The association wanted to make sure there was a long enough time horizon to allow time to transition properly and that cost and reliability were not negatively impacted on the way to that future.

Representative Galvin she was thinking about the next generation and 2050 felt really far out. She congratulated MEA for being at 15 percent [renewable energy] already. She understood they did not want to be too aggressive but at the same time she wanted to make sure a statement was being made that the state was moving ahead into the next generation of energy. She referenced Ms. Estey's statement that some project delays resulted from circumstances that were no one's fault. She asked how many years it would take to develop a large solar project.

Ms. Estey responded that MEA was looking at gas contracts shifting and changing by April 1, 2028. The association was keenly aware of a timeline and was working as fast as it could to try to decrease the amount of gas it had to use immediately and to plan for that future. She remarked that there were some obstacles in the way including supply chain issues (it now took a couple of years to get some of the necessary electrical components), permitting associated with putting up a windfarm including the ability to get barges through Cook Inlet and potential impacts on wildlife. She relayed that currently there was scarcity in the market and economics were a factor. She explained that it would drive more immediate action even more than policy because the things were needed now. She hoped they could get there faster, but she also understood that at higher penetration levels, additional transmission would be needed. She mentioned economic and technical constraints of the transmission system in the capacity and redundancy that could be relied upon when using power from other places. Additionally, there were the economic distortions of wheeling and how it impacted price. Many of the things needed to be moved around and ideally out of the way in order to move forward as fast as possible. She agreed, the sooner the better.

Representative Galvin highlighted key words used by Ms. Estey including reliability, cost, redundancy, capacity, and things around supply chain, which was related to permitting as well. She referenced a large hydro project in Susitna that had not begun and was possibly dead. She considered that if it was built, it would likely be finished by 2050. She asked if her understanding was accurate.

Ms. Estey believed the answer was yes but would need to confirm with others on the timeline. She relayed that there were a lot of hurdles with the specific project, especially with permitting and financing. She explained that the transmission system would need to be overhauled in order to move that kind of power. She added that there were some people in the MEA service territory who were very opposed to the project; therefore, there were likely legal hurdles as well. She stated that the answer was, "Possibly." She believed that it would be necessary to decide what direction the state wanted to go. She highlighted that large hydro or nuclear projects were not something MEA could do on its own; it would require collaboration with other utilities or more likely, collaboration with the state to pick a path. She relayed that MEA looked forward to having the discussion with the governor and legislature on what the path could look like and how to move forward as a state.

Representative Galvin thanked Ms. Estey for her helpful perspective.

Co-Chair Foster asked to hear from the second invited testifier.

[6:46:00 PM](#)

JEREMY KASPER, DIRECTOR, ALASKA CENTER FOR ENERGY AND POWER, UNIVERSITY OF ALASKA FAIRBANKS (via teleconference), thanked the committee and bill sponsor for their work on the bill. He remarked that Ms. Estey had done a great job covering a lot of the basics of the bill. He provided prepared remarks:

The Alaska Center for Energy and Power is an applied research institute at the University of Alaska Fairbanks with a mission to develop and disseminate practical, cost-effective, and innovative energy

solutions. We have active projects across a wide range of energy subject matter areas including a recent effort with the utilities to analyze multiple scenarios for decarbonizing the Railbelt electric grid while ensuring the system could continue to operate reliably and cost-effectively. There are a number of important energy policy decisions before this committee. Yesterday we heard about House Bill 307, which relates to terms as how we manage our transmission network, and I know you have hearings on that coming up next week as well. The bill before us now, HB 368, addresses the complimentary aspects of the Railbelt grid and clean energy standard. My goal today is to provide insight into the potential benefits and considerations associated with renewable portfolio standards (RPS) as well as clean energy standards as policy mechanisms available for Alaska's energy landscape. My colleague Miss Gwen Holdmann is scheduled to testify on Monday.

As we consider options for our state it's helpful to understand the difference between the policies. An RPS is a binding requirement for electric suppliers to procure a minimum percentage of energy generation, knowledgeable renewable energy sources. The RPS generally includes penalties, which in the case of co-ops, they potentially flow directly down to the customers. While similar to an RPS, the clean energy standard usually considers a broader set of eligible technologies and the focus of the CES is not just on renewable energy, but also typically low or zero carbon emitting energy sources. Things like nuclear or abated coal (basically coal with carbon capture). If effectively implemented, both an RPS and a CES present the opportunity to displace natural gas for power generation usage and conserve Cook Inlet natural gas for later use in home heating in the Anchorage area.

Most of the Railbelt utilities have already adopted some voluntary targets for adding renewables or reducing carbon output. Some of this is driven by industry demand. For example, two of the most important customers with GVEA are Fort Knox and Pogo Mines. If one of these operations were to shut down, it would result not just in the loss of local jobs, but the cost to deliver power to other GVEA customers would increase considerably. Having those industrial

customers helps keep cost at a minimum for all consumers. Many industries are setting their own internal carbon targets for their operations. For example, Santos has committed to operating the Pikka field at a net zero operation. Kinross, which owns and operates Fort Knox along with many other mines around the world has also set aggressive targets for decarbonizing their global operations. Their Fort Knox operation is one of the most carbon intensive operations they have and that is certainly a factor that industries will take into account whether to invest in Alaska. Several of the committee members joined myself and other ACEP staff to Iceland late last year. That is a country with cheap clean energy, and they are turning away industry because they can afford to choose and there are limits on available power. I hope someday Alaska will be in that enviable position, but that will require thoughtful policy choices including those before this committee now.

[6:50:32 PM](#)

Mr. Kasper continued to provide prepared remarks:

The final report of the governor's Alaska Energy Security Taskforce underscored the urgency of diversifying our energy sources and bolstering our energy advance. One of the recommendations from the Railbelt subcommittee was to establish a clean energy standard, so I'm happy to see that bill before the committee now. Toward these ends both ACEP and the National Renewable Energy Laboratory recently completed studies of future electricity generation scenarios for the Railbelt, what they might cost and how they might work on the Railbelt grid.

Both studies concluded that a diverse mix of fossil fuel power plants and new technologies such as hydro, wind, nuclear, and tidal meet the Railbelt's future electricity needs while dramatically cutting the fuel cost of power; however, achieving these fuel savings requires major capital investment. An RPS or a CES can help by providing a clear market signal that may attract private sector capital and private sector development of the clean energy industry.

It is also important to recognize that implementing an RPS and/or a CES may have varying impacts depending on the specific context of Alaska's energy sector and economy. While these policies offer potential benefits, they also present challenges and considerations that merit careful evaluation. Factors such as cost to ratepayers, reliability, resource availability, technological readiness, stakeholder engagement, and other economic considerations should be thoroughly [inaudible] to determine the most suitable approach for the state.

Mr. Kasper concluded it was essential to approach policies with a balanced perspective, taking into account the state's diverse needs and priorities and by carefully evaluating potential benefits and challenges. He stated it would result in more informed decisions that would contribute to a more sustainable and resilient process and future for the state.

Co-Chair Foster thanked Mr. Kasper for his testimony.

[6:52:58 PM](#)

Co-Chair Foster OPENED public testimony.

[6:53:30 PM](#)

KEN HUCKEBA, SELF, WASILLA (via teleconference), stated that Ms. Estey had not disclosed her association with the Renewable Energy Alaska Project (REAP). He rejected the idea that the state needed to do anything with carbon control. He believed Alaska had such a miniscule footprint and the costs did not come with metrics on what would be accomplished. He did not know "why we're chasing all of these things" when the state had reserves to do otherwise. He stated that MEA did not have 15 percent renewable energy sources when taking out the dam they wanted to tear out. He remarked that MEA wanted to take a credit for renewables, but it wanted to take them out at the same time. He stated that wind and solar were the current renewable energy sources in Alaska and that they run 11 to 42 times cost of what many studies projected. He considered the cost and federal money and stressed that residents paid the taxes too. He underscored that the energy sources were exorbitantly expensive and unreliable. He remarked that individuals had never seen a cost analysis on improving

reliability. He remarked that individuals were being told it would cost hundreds of millions of dollars to do renewables at the cost of ratepayers and the state to receive matching funds. He stated that renewables were not affordable.

Mr. Huckeba stated that the MEA board met quarterly and discussed whether or not rates needed to be increased. He detailed that it was based on the inflow of revenues from electrical sales. He stated that a large portion of electrical sales would go to profiteers out of state and the money would not be rolled back in to pay for infrastructure in Alaska. He thought it was inappropriate. He remarked that the Watana Dam could be up and running in about four years according to the MEA website and there could be a gasline and use existing infrastructure. He never saw a cost analysis on what it would cost to use existing infrastructure for gas even if it was imported. He referenced statements that it was expensive, but he had not seen figures. He remarked that the money for supply chain for many renewables was going out of state.

Mr. Huckeba would like to see an amendment to the legislation so that none of the credits went to foreign entities or investors. He reiterated his objection to the carbon narrative. He thought the state should do things better than wind and solar. He elaborated that the capacity factor at the large wind farm in Delta was about 11 percent. He highlighted that on the coldest days it had only generated 2 percent capacity. He stated that residents were being told that the energy sources would be cheaper, but the transmission and storage had to be built out to make them viable. He emphasized that Alaska had dark, cold, and inclement weather, meaning the storage required would be extremely expensive in the trillions of dollars. He supported the use of gas and coal without carbon sequestration. He stated that the governor was bragging about getting rid of emissions requirements on transportation. He wondered why he could not do it here as well. He thought the legislature should strive for that. He remarked on Alaska's minimal footprint and did not want to see it absorb costs for changes to its infrastructure. He thanked the committee for its time.

[6:59:25 PM](#)

Co-Chair Foster CLOSED public testimony.

Co-Chair Foster set an amendment deadline for HB 260 for noon on Monday, April 29.

Representative Coulombe asked if any members intended to submit amendments.

Representative Josephson requested time to look at the bill, but he would likely not file an amendment.

Co-Chair Foster set an amendment deadline for HB 368 of Wednesday, May 1 at 5:00 p.m.

[7:02:29 PM](#)

Representative Rauscher clarified that the bill would not replace hydrocarbon or coal usage. It would merely offer a different source alongside the existing sources. He highlighted that Cook Inlet was currently running out of available gas. There were other bills moving forward to try to "push those forward and make that more of a successful campaign." He explained that HB 368 provided another diversification that could be utilized in the future to use less gas, making more available for heating at a cheaper price if more could not be found in the inlet. He elaborated that it would stave off running out [of gas] as quickly. Additionally, he clarified that the bill did not dictate anything to happen with carbon capture and sequestration. The bill did not make changes to how coal was currently burning in powerplants in Alaska and did not deter the process. He appreciated the committee for hearing the bill.

Representative Josephson shared that he had prepared five amendments for another of Representative Rauscher's bills, HB 223. One of his concerns with HB 368 was that it did not displace diesel or coal. He viewed it as a problem with the bill and he believed a number of people in the building would not find it aggressive enough as an RPS standard. He requested an amendment deadline of May 2 at 9:00 a.m.

Co-Chair Foster believed it was a reasonable request. He communicated the amendment deadline would be May 2 at 9:00 a.m.

[7:05:26 PM](#)

HB 368 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the agenda for the following meeting.

#  
ADJOURNMENT

[7:06:49 PM](#)

The meeting was adjourned at 7:06 p.m.