

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

February 23, 2024

1:02 p.m.

MEMBERS PRESENT

Representative Tom McKay, Chair
Representative George Rauscher, Vice Chair
Representative Thomas Baker
Representative Kevin McCabe
Representative Dan Saddler
Representative Stanley Wright
Representative Jennie Armstrong (via teleconference)
Representative Donna Mears
Representative Maxine Dibert

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE JOINT RESOLUTION NO. 20

Urging withdrawal of proposed Bureau of Land Management regulations affecting the National Petroleum Reserve in Alaska; and urging meaningful engagement with tribes, local governments, and affected communities.

- MOVED HJR 20 OUT OF COMMITTEE

HOUSE BILL NO. 296

"An Act relating to the powers of the board of agriculture and conservation; relating to loans and limitations under the Alaska Agricultural Loan Act; relating to federal crop insurance contributions; relating to municipal and state procurement preferences for agricultural products harvested in the state and fisheries products harvested or processed in the state; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 282

"An Act relating to access roads; relating to state land; relating to contracts for the sale of state land; relating to the authority of the Department of Education and Early Development to dispose of state land; relating to the authority

of the Department of Transportation and Public Facilities to dispose of state land; relating to the authority of the Department of Natural Resources over certain state land; relating to the state land disposal income fund; relating to the sale and lease of state land; relating to covenants and restrictions on agricultural land; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 223

"An Act relating to the production tax and royalty rates on certain gas; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 177

"An Act relating to critical and essential minerals and the global energy transition."

- MOVED CSHB 177(RES) OUT OF COMMITTEE

HOUSE BILL NO. 281

"An Act relating to the permitting, lease, and sale of state land for remote recreational cabin sites; and providing for an effective date."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: HJR 20

SHORT TITLE: NAT'L PETROLEUM RESERVE IN ALASKA

SPONSOR(S): REPRESENTATIVE(S) BAKER

02/14/24	(H)	READ THE FIRST TIME - REFERRALS
02/14/24	(H)	RES
02/19/24	(H)	RES AT 1:00 PM BARNES 124
02/19/24	(H)	-- MEETING CANCELED --
02/21/24	(H)	RES AT 1:00 PM BARNES 124
02/21/24	(H)	-- MEETING CANCELED --
02/23/24	(H)	RES AT 1:00 PM BARNES 124

BILL: HB 296

SHORT TITLE: AGRICULTURAL PRODUCTS/LOANS/SALES

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/26/24 (H) READ THE FIRST TIME - REFERRALS
01/26/24 (H) RES
02/12/24 (H) RES AT 1:00 PM BARNES 124
02/12/24 (H) Heard & Held
02/12/24 (H) MINUTE (RES)
02/14/24 (H) RES AT 1:00 PM BARNES 124
02/14/24 (H) Heard & Held
02/14/24 (H) MINUTE (RES)
02/23/24 (H) RES AT 1:00 PM BARNES 124

BILL: HB 282

SHORT TITLE: STATE LAND: DISPOSAL/SALE/LEASE/RESTRICT
SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/22/24 (H) READ THE FIRST TIME - REFERRALS
01/22/24 (H) TRA, RES, FIN
02/06/24 (H) TRA AT 1:00 PM BARNES 124
02/06/24 (H) Heard & Held
02/06/24 (H) MINUTE (TRA)
02/13/24 (H) TRA AT 1:30 PM BARNES 124
02/13/24 (H) Moved HB 282 Out of Committee
02/13/24 (H) MINUTE (TRA)
02/14/24 (H) TRA RPT 6DP 1NR
02/14/24 (H) DP: MINA, MCKAY, VANCE, SUMNER, C.
JOHNSON, MCCABE
02/14/24 (H) NR: STUTES
02/19/24 (H) RES AT 1:00 PM BARNES 124
02/19/24 (H) -- MEETING CANCELED --
02/21/24 (H) RES AT 1:00 PM BARNES 124
02/21/24 (H) -- MEETING CANCELED --
02/23/24 (H) RES AT 1:00 PM BARNES 124

BILL: HB 223

SHORT TITLE: TAX & ROYALTY FOR CERTAIN GAS
SPONSOR(S): RAUSCHER

01/16/24 (H) PREFILE RELEASED 1/8/24
01/16/24 (H) READ THE FIRST TIME - REFERRALS
01/16/24 (H) RES, FIN
01/31/24 (H) RES AT 1:00 PM BARNES 124
01/31/24 (H) Heard & Held
01/31/24 (H) MINUTE (RES)
02/07/24 (H) RES AT 1:00 PM BARNES 124
02/07/24 (H) <Bill Hearing Rescheduled to 02/09/24>
02/09/24 (H) RES AT 1:00 PM BARNES 124
02/09/24 (H) Heard & Held
02/09/24 (H) MINUTE (RES)

02/19/24 (H) RES AT 1:00 PM BARNES 124
02/19/24 (H) -- MEETING CANCELED --
02/21/24 (H) RES AT 1:00 PM BARNES 124
02/21/24 (H) -- MEETING CANCELED --
02/23/24 (H) RES AT 1:00 PM BARNES 124

BILL: HB 177

SHORT TITLE: CRITICAL NATURAL MINERALS PLAN AND REPORT
SPONSOR(s): SADDLER

04/24/23 (H) READ THE FIRST TIME - REFERRALS
04/24/23 (H) RES, FIN
01/17/24 (H) RES AT 1:00 PM BARNES 124
01/17/24 (H) Heard & Held
01/17/24 (H) MINUTE(RES)
01/22/24 (H) RES AT 1:00 PM BARNES 124
01/22/24 (H) Heard & Held
01/22/24 (H) MINUTE(RES)
02/23/24 (H) RES AT 1:00 PM BARNES 124

WITNESS REGISTER

REPRESENTATIVE THOMAS BAKER
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HJR 20.

STEVE ST. CLAIRE, Staff
Representative Thomas Baker
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of Representative Baker, prime sponsor, presented reasons for bringing HJR 20 forth.

ANDY MACK, CEO
Kuukpik Corporation
Village Corporation for Nuiqsut
Nuiqsut, Alaska

POSITION STATEMENT: Testified in support of HJR 20.

D.J. FAUSKE, Director
Government and External Affairs for North Slope Borough
Utquiagvik, Alaska

POSITION STATEMENT: Testified in support of HJR 20.

KARA MORIARTY, President and CEO
Alaska Oil and Gas Association (AOGA)

Anchorage, Alaska

POSITION STATEMENT: Provided invited testimony in support of HJR 20.

BRIDGET ANDERSON, Senior Vice President

External Affairs

Arctic Slope Regional Corporation

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HJR 20.

DOREEN LEAVITT, Director

Natural Resources

Inupiat Community of the North Slope

Barrow, Alaska

POSITION STATEMENT: Testified in support of HJR 20.

CHERYL BOWIE, representing self

No address provided

POSITION STATEMENT: Testified in support of HJR 20.

NAGRUK HARCHAREK, President

Voice of the Arctic Inupiaq

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HJR 20.

KARI NORE, Director

External Affairs

Alaska Chamber of Commerce

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HJR 20.

LEILA KIMBRELL, Executive Director

Resource Development Counsel for Alaska

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HJR 20.

BRENT GOODRUM, Deputy Commissioner

Department of Natural Resources

Anchorage, Alaska

POSITION STATEMENT: Responded to proposed amendments during the hearing on HB 282 on behalf of the bill sponsor, House Rules by request of the governor.

CHRISTY COLLES, Director

Division of Mining, Land, and Water

Alaska Department of Natural Resources

Anchorage, Alaska

POSITION STATEMENT: Presented a PowerPoint presentation regarding HB 282.

HEATHER O'CLARAY, Chief
State Right of Way
Division of Statewide Design and Engineering Services
Department of Transportation & Public Facilities
Anchorage, Alaska

POSITION STATEMENT: Answered questions regarding HB 282.

LORI WEED, Acting Facilities Manager
School Finance and Facilities Section
Department of Education and Early Development
Juneau, Alaska

POSITION STATEMENT: Answered questions regarding HB 282.

ED KING, Staff
Representative McKay
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the changes in the committee substitute for HB 223.

REPRESENTATIVE DAN SADDLER
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor of HB 177, explained the changes in the committee substitute.

ACTION NARRATIVE

[1:01:59 PM](#)

CHAIR MCKAY called the House Resources Standing Committee meeting to order at 1:02 p.m. Representatives Baker, McCabe, Saddler, Armstrong (via teleconference), Mears, and Dibert were present at the call to order. Representatives Rauscher and Wright arrived as the meeting was in progress.

HJR 20-NAT'L PETROLEUM RESERVE IN ALASKA

[1:03:21 PM](#)

CHAIR MCKAY announced that the first order of business would be HOUSE JOINT RESOLUTION NO. 20, Urging withdrawal of proposed Bureau of Land Management regulations affecting the National

Petroleum Reserve in Alaska; and urging meaningful engagement with tribes, local governments, and affected communities.

[1:03:55 PM](#)

REPRESENTATIVE THOMAS BAKER, Alaska State Legislature, as prime sponsor, presented the sponsor statement for HJR 20 [included in the committee packet], which read as follows [original punctuation provided]:

HJR 20 urges that the Bureau of Land Management (BLM) withdraw a proposed rule affecting the National Petroleum Reserve in Alaska (NPR-A). The Resolution also urges meaningful engagement with tribes, local governments and impacted communities. There are many flaws with this proposed policy. In short, the rule lacks meaningful engagement, lacks legal durability and has flawed economics.

Lack of meaningful engagement. The timing and rollout of the rule-making was messy. The BLM disregarded the fall subsistence hunting and whaling seasons within my district, despite pleas from my constituents to extend the comment period and engage in formal consultation outside of traditional hunting and whaling times. Yet, BLM ignored those multiple requests. Inadequate time was granted for organizations to respond meaningfully during the public comment period and the BLM's engagement with impacted communities was woefully insufficient. The BLM failed to engage with impacted communities and organizations as required by federal law and agency policy. This all came at a time when Alaskans were asked to comment on multiple projects with overlapping public comment periods to include the cancellation of leases within the 1002 Area and Ambler Road projects.

Lack of legal durability. The proposed rule fundamentally alters NPR-A's purpose and contravenes both Naval Petroleum Reserves Production Act (NPRPA) and congressional intent. The NPR-A was originally created in 1923 for the purposes of oil and gas development. Later in 1980, the NPRPA amendments directed the Secretary of Interior to "conduct an expeditious program of competitive leasing" in the area. However, the BLM's proposed rule will treat 13.1 million acres of Special Areas in the NPR-A as defacto

wilderness. This rule lacks legal durability because only Congress has the authority to set forth national energy policy, and this proposed rule seeks to usurp Congressional authority. Further, it has the potential to impact future development within the NPR-A because it shifts the national energy policy focus from responsible development to surface estate conservation. This has the potential to impact future leasing and development with the NPR-A, as well as potential tie-ins of satellite fields to the Trans Alaska Pipeline. That is unacceptable for Alaska.

Flawed economics. Finally, the BLM failed to adequately assess the economic impact this proposed rule would have on North Slope communities, the Federal Treasury, and the greater State of Alaska. They did not account for the lost revenue to the North Slope Borough, the Federal Treasury, and Alaskan businesses. Furthermore, they did not identify or assign value to the increased costs in services to Alaskans by the Federal or State governments as a result of the economic suffocation this proposed rule would impose. If the proposed rule is published, our ability to continue exploring and producing for oil and gas in the NPR-A will be negatively impacted. It's important to say again, the NPR-A was set aside for the purpose of protecting our national energy security. This will negatively impact our ability to increase oil flowing through the Trans Alaska Pipeline from the NPR-A. Our governments, organizations and residents will be negatively impacted from the loss of revenue, jobs and the multiplier effect of the resource dollars.

[1:06:30 PM](#)

CHAIR MCKAY opened invited testimony.

[1:06:42 PM](#)

ANDY MACK, CEO, Kuukpik Corporation, Village Corporation for Nuiqsut, spoke in support of HJR 20. He explained that Kuukpik Corporation is the private landowner of 145,000 acres for Nuiqsut village. For the past several decades, the corporation has been involved in decisions regarding the National Petroleum Reserve in Alaska (NPR-A). The corporation works for balanced development; to protect the land; and to maintain subsistence

activities. Development is mitigated as much as possible to avoid impacts. In many instances, Kuukpik has been at the forefront of protecting the land. The corporation sees the most concerning issue to be the impact on subsistence activities. He drew the committee's attention to a particular section of the proposed Bureau of Land Management (BLM) rule which suggests that other things are more important than subsistence. He pointed out the proposed rule is written so the effects would spill out to additional areas and activities in the NPR-A

[1:12:31 PM](#)

D.J. FAUSKE, Director, Government and External Affairs for North Slope Borough, spoke in support of HJR 20 on behalf of the North Slope Borough. The borough is a home rule government which represents over 10,000 residents, many communities, and the entire national petroleum reserve. The new BLM regulations would drastically change the terms Congress set for the NPR-A. The new regulations were set without consulting Alaska natives or organizations located within the Arctic. An extension was requested but denied. The rule will also affect oil flowing through the pipeline.

[1:17:41 PM](#)

REPRESENTATIVE MCCABE referenced a book, titled The Moral Case for Fossil Fuels, which brought to light the issue of life expectancy among people in the Arctic. He asked Mr. Fauske to comment on how the generation views oil.

MR. FAUSKE responded to the question with personal experiences, referencing his family history. He also discussed the life expectancy which was previously 56 years old. Now the average life expectancy is between 68 and 69. People of the Arctic have benefited greatly from oil exploration.

[1:20:58 PM](#)

CHAIR MCKAY called on several testifiers who could not be heard due to technical difficulties.

[1:22:05 PM](#)

KARA MORIARTY, President and CEO, Alaska Oil and Gas Association (AOGA), provided invited testimony in support of HJR 20. She stated that the oil and gas industry expect to spend over 14 billion dollars in capital expenditures in a five-year period

from 2023 to 2028, much of which will be spent in the NPR-A. This legislation appropriately requests BLM to withdraw its proposed NPR-A rule which would be a complete shift in BLM management of the area. The proposed rule presents many new substantive standards which would have significant and adverse impacts. Additionally, the proposed rule conflicts with congressional intent and raises questions of legal durability of the proposal.

[1:25:28 PM](#)

BRIDGET ANDERSON, Senior Vice President, External Affairs, Arctic Slope Regional Corporation, spoke in support of HJR 20, emphasizing the lack of input by people who live in the area. She also called into question the necessity of the rule, pointing out that the proper process was not followed. The proposed rule is worded in such a way that it calls into question whether the people who live in the area will be able to use the land. There is unified support for HJR 20 from the region.

[1:28:40 PM](#)

DOREEN LEAVITT, Director, Natural Resources, Inupiat Community of the North Slope, spoke in support of HJR 20, drawing attention particularly to the lack of notification. All eight of the communities and nine federally recognized tribes are impacted by the BLM decision. The tribes have a legal entitlement to proper consultation which did not occur. The tribes were left out of the decision-making process. This has a direct impact on the land and the people, changing the tax base as well as access to privately owned land.

[1:31:47 PM](#)

CHAIR MCKAY opened public testimony on HJR 20.

[1:32:27 PM](#)

CHERYL BOWIE, representing self, spoke in support of HJR 20. She discussed being born in Kotzebue and described personal experiences regarding the issues of oil and gas. She described the values of the Arctic.

[1:36:21 PM](#)

NAGRUK HARCHAREK, President, Voice of the Arctic Inupiaq, spoke in support of HJR 20. He described the Voice of the Arctic Inupiaq as a non-profit comprised of cities, tribes, corporations, and regional organizations concerned with the North Slope who are concerned about the future of the Arctic and explained why the organization supports HJR 20.

[1:38:04 PM](#)

KARI NORE, Director, External Affairs, Alaska Chamber of Commerce, spoke in support of HJR 20. She described the diversity of the Alaska Chamber of Commerce membership. The Chamber supports Alaska oil and gas exploration in Alaska's federal areas. She pointed out that the NPR-A ensures America's national energy security while balancing it with conservation.

[1:39:42 PM](#)

LEILA KIMBRELL, Executive Director, Resource Development Council for Alaska, spoke in support of HJR 20. She described the work of the Resource Development Counsel for Alaska (RDC) and explained why the RDC supports the resolution. She emphasized the potential for irresponsible development in the NPR-A and the North Slope. Time is of the essence.

[1:42:35 PM](#)

CHAIR MCKAY, after ascertaining there was no one else who wished to testify, closed public testimony on HJR 20.

[1:42:44 PM](#)

CHAIR MCKAY noted that there were no amendments.

[1:42:56 PM](#)

REPRESENTATIVE RAUSCHER moved to report HJR 20 out of committee with individual recommendations and accompanying fiscal notes.

[1:43:17 PM](#)

REPRESENTATIVE MEARS objected for the purpose of discussion. She expressed appreciation for the resolution and pointed out that all Alaskans have a responsibility to look out for the land for the greater good.

REPRESENTATIVE MEARS removed her objection.

[1:44:01 PM](#)

REPRESENTATIVE SADDLER explained that what the BLM has done is unconscionable; it seems the bureau is going to incrementally choke off the life blood of the state.

[1:44:57 PM](#)

CHAIR MCKAY announced there being no objection, HJR 20 was reported out of the House Resources Standing Committee.

[1:45:11 PM](#)

The committee took an at-ease from 1:45 p.m. to 1:48 p.m.

HB 296-AGRICULTURAL PRODUCTS/LOANS/SALES

[1:48:19 PM](#)

CHAIR MCKAY announced that the next order of business would be HOUSE BILL NO. 296, "An Act relating to the powers of the board of agriculture and conservation; relating to loans and limitations under the Alaska Agricultural Loan Act; relating to federal crop insurance contributions; relating to municipal and state procurement preferences for agricultural products harvested in the state and fisheries products harvested or processed in the state; and providing for an effective date."

[1:49:12 PM](#)

The committee took an at-ease from 1:49 p.m. to 1:50 p.m.

[1:50:21 PM](#)

REPRESENTATIVE RAUSCHER moved to adopt the proposed committee substitute (CS) for HB 296, Version 33-GH2386\B, Bullard, 2/12/24, as a working document. There being no objection, Version B was before the committee.

[1:51:10 PM](#)

REPRESENTATIVE MEARS moved to adopt Amendment 1 to HB 296, Version B, labeled 33-GH2386\B.9, A.Radford/Bullard, 2/21/24, which read as follows:

Page 1, line 3, following "to":

Insert **"a report to the legislature on"**

Page 5, line 19, through page 10, line 5:
Delete all material.

Re-number the following bill sections accordingly.

Page 10, line 14:
Delete ", as amended by secs. 11 and 13 of this Act,"

Page 10, line 15:
Delete ", as amended by secs. 17 and 19 of this Act"

Page 10, line 25:
Delete "whether to extend the changes made by secs. 11, 13, 15, 17, 19, and 21 of this Act"
Insert "potential statutory changes to make purchase preference programs more effective at stimulating state agriculture"

Page 10, line 26, through page 11, line 9:
Delete all material.

Re-number the following bill sections accordingly.

Page 11, line 14:
Delete "secs. 2 - 10 and 23"
Insert "secs. 2 - 11"

Page 11, line 17:
Delete "26"
Insert "13"

Page 11, line 18:
Delete all material.

Re-number the following bill sections accordingly.

Page 11, line 19:
Delete "Sections 2 - 10 and 23"
Insert "Sections 2 - 11"

Page 11, line 20:
Delete all material.

REPRESENTATIVE SADDLER objected for the purpose of discussion.

REPRESENTATIVE MEARS explained that the amendment resulted from working on the Food Strategy Task Force in consultation with the Office of the Governor and the Department of Natural Resources (DNR). One of the concerns regarded the purchasing requirements without a dollar limit on some of those purchases. The task force was interested in meaningful in-state purchases of local Alaska food. There is definite support for continuing the purchase preference, but more time is needed to collect data and work on it.

[1:52:46 PM](#)

REPRESENTATIVE SADDLER asked Deputy Commissioner Goodrum to speak to the amendment, pointing out it was a fairly substantial deletion from the bill.

BRENT GOODRUM, Deputy Commissioner, Department of Natural Resources (DNR), responded to Representative Saddler's question about the amendment. He said he understands members' concerns about the expanded procurement preference for a period of five years. The hope is to keep the preference for state agencies for at least five years. However, if the committee decides otherwise, there is still Section 24 requiring an annual report to the legislature. The data would better support future recommendations to the legislature and help expand market opportunities for Alaska farmers, including leveraging the state institutional buying power.

[1:54:02 PM](#)

MR. GOODRUM responded to questions by the committee, explaining that the department has sufficient staff time and resources to review the preference information. He also said that the department accepts the Amendment.

[1:54:39 PM](#)

REPRESENTATIVE SADDLER withdrew his objection. There being no further objection, Amendment 1 was adopted.

[1:54:49 PM](#)

The committee took an at-ease from 1:54 p.m. to 1:55 p.m.

[1:55:51 PM](#)

REPRESENTATIVE MEARS moved to adopt Amendment 2 to HB 296, Version B, labeled 33-GH2386\B.5, Klein/Bullard, 2/18/24, which read as follows:

Page 3, lines 11 - 15:

Delete all material and insert:

"(3) shall be secured by a real estate or chattel mortgage of any priority, except that the portion of a loan that exceeds \$500,000, when added to prior indebtedness that is secured by the same property, must be secured by a first mortgage;"

REPRESENTATIVE RAUSCHER objected for the purpose of discussion.

REPRESENTATIVE MEARS explained that Amendment 2 is about the agricultural revolving loans funds. The loan requirements outlined in the original language of the bill are unnecessary.

[1:58:11 PM](#)

MR. GOODRUM, in response to Representative Raucher, said that the department had no problem with Amendment 2.

[1:58:49 PM](#)

REPRESENTATIVE SADDLER questioned how far any priority can extend regarding a loan.

REPRESENTATIVE MEARS responded that the issue can be addressed in underwriting.

[1:59:34 PM](#)

REPRESENTATIVE RAUSCHER removed his objection. There being no further objection, Amendment 2 was adopted.

[1:59:59 PM](#)

REPRESENTATIVE RAUSCHER moved to adopt Amendment 3 to HB 296, Version B, labeled 33-GH2386\B.13, Bullard, 2/23/24, which read as follows:

Page 3, lines 7 - 10:

Delete all material and insert:

"(2) may not, when added to the outstanding balance of other loans made under this chapter, exceed

a total outstanding balance of \$3,000,000, adjusted annually for inflation on July 1 of each year based on the percentage increase in the Consumer Price Index for all urban consumers for urban Alaska during the previous calendar year, as determined by the United States Department of Labor, Bureau of Labor Statistics [\$1,000,000];"

[2:00:14 PM](#)

REPRESENTATIVE SADDLER objected for the purpose of discussion.

REPRESENTATIVE RAUSCHER explained that Amendment 3 sets percentages and other side bars. In addition, it changes the amount of total outstanding balances from one million to three million dollars.

REPRESENTATIVE SADDLER commented that the bill sets the outstanding amount at the discretion of the board of agriculture, but the amendment sets a hard dollar limit.

MR. GOODRUM explained that DNR had originally recommended setting a new cap, and the three-million-dollar amount adjusted for inflation should be sufficient. However, the department would like to continue to review the language. In addition, the department would like to see a conforming amendment changing the effective date from July 1, 2025, to July 1, 2024.

REPRESENTATIVE SADDLER asked whether the committee needs to adopt a conceptual amendment to change the effective date.

[2:03:30 PM](#)

The committee took a brief at-ease at 2:03 p.m.

[2:04:27 PM](#)

REPRESENTATIVE SADDLER moved to adopt Conceptual Amendment 1 to Amendment 3, which would advance the effective date of the new hard cap on the loans as discussed in Amendment 3.

[2:04:50 PM](#)

REPRESENTATIVE RAUSCHER objected for the purpose of discussion.

MR. GOODRUM said the department was in favor of the conceptual amendment.

[2:05:37 PM](#)

REPRESENTATIVE RAUSCHER removed his objection. There being no further objection, Conceptual Amendment 1 to Amendment 3 was adopted.

[2:05:48 PM](#)

CHAIR MCKAY announced there being no objection, Amendment 3, as amended, was adopted. [The objection previously stated by Representative Saddler was treated as withdrawn.]

[2:06:12 PM](#)

REPRESENTATIVE RAUSCHER moved to adopt Amendment 4 to HB 296, Version B, as amended, labeled 33-GH2386\B.10, Bullard, 2/21/24, which read as follows:

Page 2, line 5:
Delete "or"
Insert "[OR]"

Page 2, line 6, following "machinery":
Insert "; or
(v) the cost of shipping to and within the state for the purposes listed in (i) - (iv) of this subparagraph"

Page 2, line 17, following "state":
Insert "for the purposes listed in (i) - (iv) of this subparagraph"

CHAIR MCKAY objected for the purpose of discussion.

REPRESENTATIVE RAUSCHER explained the amendment was for the purpose of consistency.

MR. GOODRUM stated the department saw this as a "belt and suspenders amendment" and had no objection.

[2:07:16 PM](#)

CHAIR MCKAY removed his objection. There being no objection, Amendment 4 to HB 296, as amended, was adopted.

[2:07:42 PM](#)

REPRESENTATIVE MEARS explained that she would not be offering Amendment 5.

[2:07:55 PM](#)

REPRESENTATIVE RAUSCHER moved to adopt Conceptual Amendment [6] to HB 296, to include provisions that mandate the Division of Agriculture and the State Procurement Office to evaluate and enhance the process of institutional purchases, so Alaska grown products are integrated into institutional contracts and procurement processes.

REPRESENTATIVE SADDLER objected for the purpose of discussion.

[2:09:01 PM](#)

REPRESENTATIVE MEARS expressed her support for state purchases of local foods.

REPRESENTATIVE BAKER objected to Conceptual Amendment 6 for the purpose of discussion.

REPRESENTATIVE RAUSCHER requested information regarding DNR's perspective on this amendment.

MR. GOODRUM explained that this is an area the department needs to do more work on, and it is willing to do so. The department is supportive of learning more about procurement and institutional buying power in the state to create more markets for agriculture.

[2:10:00 PM](#)

The committee took a brief at-ease at 2:10 p.m.

[2:10:20 PM](#)

REPRESENTATIVE SADDLER requested clarification of the date stated on the conceptual amendment.

CHAIR MCKAY noted that Representative Baker removed his objection.

REPRESENTATIVE RAUSCHER [moved to] withdraw Conceptual Amendment 6, explaining that it needed more work. [There being no objection, Conceptual Amendment 6 was withdrawn.]

[2:11:36 PM](#)

The committee took an at-ease from 2:11 p.m. to 2:14 p.m.

[2:14:00 PM](#)

CHAIR MCKAY announced that HB 296, as amended, was held over.

HB 282-STATE LAND: DISPOSAL/SALE/LEASE/RESTRICT

[2:14:16 PM](#)

CHAIR MCKAY announced that the next order of business would be HOUSE BILL NO. 282, "An Act relating to access roads; relating to state land; relating to contracts for the sale of state land; relating to the authority of the Department of Education and Early Development to dispose of state land; relating to the authority of the Department of Transportation and Public Facilities to dispose of state land; relating to the authority of the Department of Natural Resources over certain state land; relating to the state land disposal income fund; relating to the sale and lease of state land; relating to covenants and restrictions on agricultural land; and providing for an effective date."

[2:14:48 PM](#)

BRENT GOODRUM, Deputy Commissioner, Department of Natural Resources (DNR), presented opening remarks for HB 282, state land disposals. He explained the state manages over 100 million acres of land within the state and 65 million acres of tideland belonging to citizens of the state of Alaska. This legislation [HB 282] would serve to cut red tape; create flexibility and responsiveness within state departments; and open additional opportunities for everyday Alaskans. The bill would streamline land transfer functions from the state that would allow the Department of Transportation and Public Facilities and the Department of Education and Early Development to directly transfer lands no longer needed for their original purposes to private parties. The bill would also work to create flexible leasing requirements; incorporate adaptable road standards; and provide necessary financial support for the development of state lands in preparation for sales to Alaskans. The legislation would also help facilitate commercial sales by introducing a new statute for land leasing and sales and would enable expanded agricultural use to be inclusive of land activities such as bed

and breakfasts to offset agricultural costs. The result opens lands for the use of everyday Alaskans.

[2:17:15 PM](#)

CHRISTY COLLES, Director, Division of Mining, Land, and Water, Alaska Department of Natural Resources, on behalf of the sponsor, House Rules by request of the governor, gave a PowerPoint presentation, titled "HB 282 State Land: Disposal/Sale/Lease/Restrict," [hardcopy included in the committee packet]. She presented slide 1, "Overview," which read as follows [original punctuation provided]:

- Authorize the Department of Education & Early Development (DEED) and the Department of Transportation & Public Facilities (DOT&PF) to directly dispose of surface land, rather than transferring land to the Department of Natural Resources (DNR) for conveyance
- Increase the cap on the Land Disposal Income Fund (LDIF)
- Update and improve provisions relating to DNR's land disposal procedures in AS 19.30, AS 38.04, AS 38.05
- Amends agricultural use restrictions
- Add a new statute relating to leases and sales of land for commercial development

MS. COLLES moved to slide 2, "Authority for Direct Disposal of State Land," which read as follows [original punctuation provided]:

- Proposed amendments allow the Department of Education and Early Development (amending AS 14.07.030) and Department of Transportation & Public Facilities (amending AS 35.20.070) to sell land directly to private parties
- Streamlining land disposals, reducing multi-agency involvement
- Expanding eligible recipients beyond federal, state agencies, and political subdivisions

MS. COLLES said the amendments would streamline the conveyance of land by removing a duplicative multi-agency process. Two recent examples where the Department of Education and Early Development (DEED) has transferred title to DNR for conveyance to a third party are Japonski Island in Sitka and Telephone Hill in Juneau. Public notices and other regulations would still apply to such conveyances.

[2:19:47 PM](#)

REPRESENTATIVE MEARS questioned what mechanisms DEED and the Department of Transportation & Public Facilities (DOT&PF) use for taking over and selling land.

MS. COLLES pointed out that the lands in question would be very specific. She deferred to Lori Weed of DEED and Heather O'Claray of DOT&PF for additional information.

[2:20:40 PM](#)

HEATHER O'CLARAY, Chief, State Right of Way, Division of Statewide Design and Engineering Services, Department of Transportation & Public Facilities, responded to Representative Mears' question by briefly describing the department's existing authority for disposing of properties, specifically facilities properties.

REPRESENTATIVE MEARS questioned whether a separate fiscal note was needed rather than a line item in the bill's fiscal note.

MS. O'CLARAY explained that currently DOT&PF has existing regulations, and this falls within their purview.

[2:22:46 PM](#)

LORI WEED, Acting Facilities Manager, School Finance and Facilities Section, Department of Education and Early Development, explained that DEED has existing authority to dispose of land parcels to certain entities; the department has someone on staff who deals with conveyance of properties.

[2:23:38 PM](#)

MS. COLLES continued with the next slide, "Land Disposal Income Fund (LDIF)," which read as follows [original punctuation provided]:

- The LDIF holds deposits from the state land disposal program
- Under current law, the portion of the fund in excess of \$5 million is to be deposited in the state general fund
- The bill raises state land disposal income fund cap from \$5 million to \$12 million
- Boosts spending authority for larger projects
- Addresses inflation since 2000; cap unchanged for 20 years
- Adjustment to funding cap, not appropriation
- Department can request limit increase in annual report

[2:24:47 PM](#)

REPRESENTATIVE SADDLER clarified that this does not represent a new appropriation but rather just a larger account that money can go into. He asked what the most immediate impact of expanding the Land Disposal Income Fund (LDIF) would be.

MS. COLLES agreed about the fund and explained that it was an initial step for growth.

[2:25:52 PM](#)

MS. COLLES returned to the PowerPoint and moved to slide 5, "Agricultural Land Lease and Sale Procedures," which read as follows [original punctuation provided]:

- Amendment to AS 38.05.321 allows broader use of agricultural land and improvements
- Currently an agricultural landowner can only use the land for purposes that are incidental to and not inconsistent with agricultural land
- Proposed amendment would now allow an agricultural landowner to use land for purposes that are consistent with and do not interfere with the primary purpose

[2:26:33 PM](#)

REPRESENTATIVE MEARS asked where the income from selling land would go into the LDIF. She questioned how using the LDIF met the appropriations standards.

MS. COLLES explained how the LDIF worked.

MR. GOODRUM provided additional information regarding the LDIF and appropriations.

[2:28:44 PM](#)

REPRESENTATIVE RAUSCHER asked about the reasons for changing the cap from \$5 million to \$12 million.

MS. COLLES described the reverse sweep in fiscal year 2022 (FY 22) and how the money listed is an adjustment to the funding cap rather than an appropriation.

REPRESENTATIVE RAUSCHER asked whether \$12 million would be spent in a year.

MS. COLLES responded that it would depend and described how the LDIF is similar to a bank account.

[2:31:01 PM](#)

MS. COLLES presented slide 6, "Agricultural Land Lease and Sale Procedures," which read as follows [original punctuation provided]:

- Amendment to AS 38.05.321 allows broader use of agricultural land and improvements
- Currently an agricultural landowner can only use the land for purposes that are incidental to and not inconsistent with agricultural land
- Proposed amendment would now allow an agricultural landowner to use land for purposes that are consistent with and do not interfere with the primary purpose

MS. COLLES continued with slide 7, "Access Road Construction," which read as follows [original punctuation provided]:

- Amends AS 19.30.080 to specify that access roads to surface disposals may be developed at a pioneer standard
- Clarifying language on right-of-way widths within municipal boundaries
- Align with municipal zoning requirements to the same extent as private developers

MS. COLLES moved to slide 8, "Land Sale Procedures," which read as follows [original punctuation provided]:

- Land sale disposal contracts
- Longer purchase terms from 20 years to 30 years
- Consistency in terms from "Foreclosure" to "Termination"
- Allows for paid in full purchase when existing infrastructure would increase liability of financing a land sale purchase contract

[2:32:56 PM](#)

REPRESENTATIVE RAUSCHER asked about the use of the term "termination" rather than "foreclosure" of contracts and whether DNR has terminated contracts.

MS. COLLES explained how DNR contracts differ from banking contracts and confirmed that the department has terminated contracts.

MS. COLLES advanced to slide 8, "Survey Requirements for Leases," which read as follows [original punctuation provided]:

- Discretion of cadastral surveys for long-term leases
- Survey could be required where infrastructure boundaries or access management is in the best interest of the state
- Reduces the financial and administrative burden on industries

- Industry is challenged by current requirements
- Ex: Renewable energy projects, grazing leases

[2:34:36 PM](#)

REPRESENTATIVE MEARS commented about the accuracy of satellite surveys and inquired about setbacks and whether there is a buffer to reduce conflicts.

MS. COLLES answered that there is nothing in statute that addresses such a buffer, but it is something that could be done by statute or regulation. A description of commercial and public development was continued with slide 9, "Land for Commercial Development," which read as follows [original punctuation provided]:

- Stimulate economic development
- Offers land for leasing, and sale, by requesting proposals
 - For state land identified or nominated as a Qualified Opportunity Zone
 - For state land nominated by the public
- Land nominated cannot exceed 640 acres
 - For any other state land the commissioner deems appropriate for commercial development
- Nominated land may need to be reclassified
 - Provide additional public notice beyond normal AS 38.05.945

[2:37:40 PM](#)

REPRESENTATIVE MEARS inquired about state land nominated for the public and what process private individuals would use.

MS. COLLES described how the nomination process for commercial development would work and what would happen if there was competition for a parcel.

[2:39:06 PM](#)

MS. COLLES presented the sectional analysis of HB 282, slides 10 through 13, which read as follows [original punctuation provided]:

- Section 1: Amends AS 14.07.030 to expand authority for land disposals for Dept. of Education and Early Development
- Section 2: Amends AS 19.30.080 for access road development related to surface disposals within a municipal boundary
- Section 3: Reenacted authority to Dept. of Transportation & Public Facilities to expand authority to vacate and dispose of land
- Section 4: Raises state land disposal income fund cap from \$5 million to \$12 million
- Section 5: Removes the requirement of a cadastral survey for a long-term lease under AS 38.05.070
- Section 6: Grants the commissioner discretion to require a cadastral survey for a long-term lease issued under AS 38.05.070
- Section 7: Repeals and reenacts AS 38.05.055 to clarify requirements for public auction or sealed bid as the default methods for sale of state land
- Section 8: Amends AS 38.05.065(a) to allow a longer term of 30 years for contracts
- Section 9-12: Updates AS 38.05.065(c), (d), and (f) with consistent industry terms
- Section 13: Amends AS 38.05.065(h) for consistency in land sale disposals
- Section 14: Adds new section (j) to AS 38.05.065 for consistency in land sale disposals and new section (k) to reduce liability to the state

- Section 15: Adds new section to AS 38.05 (AS 38.05.086) for nomination, lease, and sale of land for commercial development
- Section 16: Amends AS 38.05.321 to expand allowable uses on conveyed agricultural land
- Section 17: Amends AS 38.05.965 to include term definitions
- Section 18: Repeals AS 38.05.065(b) to conform with updates in previous section 13
- Section 19: Provides immediate effective date

[2:43:21 PM](#)

REPRESENTATIVE RAUSCHER asked how many land disposal programs the state has currently.

MS. COLLES replied that there were two land sales currently. In response to a follow-up question, she explained that none of the lands for sale were Mental Health Trust Land.

MS. COLLES presented the fiscal note on slide 14, which read as follows [original punctuation provided]:

- FY 2025 \$655.4 (5 positions)
- Two Permanent Full-Time Natural Resource Specialists
3
- Two Permanent Full-Time Natural Resource Specialist
2
- One Permanent Full-Time Appraiser 1
- These positions will support timely adjudication of the expanded Land Sales with Commercial Development program applications
- FY 2026-2030 \$630.4 annually

[2:45:20 PM](#)

CHAIR MCKAY announced an amendment deadline of February 27.

[2:45:54 PM](#)

CHAIR MCKAY announced that HB 282 was held over.

[2:46:17 PM](#)

The committee took an at-ease from 2:46 p.m. to 2:47 p.m.

HB 223-TAX & ROYALTY FOR CERTAIN GAS

[2:47:17 PM](#)

CHAIR MCKAY announced that the next order of business would be HOUSE BILL NO. 223, "An Act relating to the production tax and royalty rates on certain gas; and providing for an effective date."

[2:47:20 PM](#)

REPRESENTATIVE RAUSCHER moved to adopt the proposed committee substitute (CS) for HB 223, Version 33-LS0886\S, Nauman, 2/10/24, as a working document.

CHAIR MCKAY objected for the purpose of discussion.

[2:47:45 PM](#)

ED KING, Staff, Representative Tom McKay, Alaska State Legislature, explained the purpose of the committee substitute for HB 223 was to combine the governor's royalty bill with the bill sponsor's ideas and reviewed those changes. The summary of changes, [included in the committee packet], read as follows [original punctuation provided]:

House Bill 223
Cook Inlet Royalty Reduction
Summary of Changes from Version B to S

Change 1: A new bill section 1 was added to expand the commissioner's list of required actions.

Change 2: The new subsection AS 38.05.180(mm) was expanded to include oil and provide more clarity.
(Previous bill section 2, CS page 8 beginning line 27)

Change 3: Another subsection, AS 38.05.180(nn) was added to provide a definition for "new gas."

(CS page 9 beginning line 7)

Change 4: The provisions relating to production tax reduction were removed.

(Previous bill sections 3-6)

Change 5: A new bill section was added to include the calculation of prevailing market value for natural gas to the Commissioner of Revenue's duties.

(CS page 9 beginning line 22)

Change 6: Transition language was added to authorize the commissioner to modify lease agreements to incorporate the changes made by this bill.

(CS page 9 beginning line 25)

Change 7: The January 1, 2025 effective date for the production tax related bill sections became moot and were deleted.

[2:49:47 PM](#)

CHAIR MCKAY said he would extend the amendment deadline on HB 223.

CHAIR MCKAY removed his objection to the motion to adopt the proposed CS. There being no further objection, Version S was before the committee as a working document.

CHAIR MCKAY announced that HB 223 was held over.

HB 177-CRITICAL NATURAL MINERALS PLAN AND REPORT

[2:50:12 PM](#)

CHAIR MCKAY announced that the final order of business would be HOUSE BILL NO. 177, "An Act relating to critical and essential minerals and the global energy transition."

REPRESENTATIVE RAUSCHER moved to adopt the proposed committee substitute (CS) for HB 177, 33-LS0744\B, Dunmire, 2/21/24, as the working document.

CHAIR MCKAY objected for the purpose of discussion.

[2:50:52 PM](#)

REPRESENTATIVE DAN SADDLER, Alaska State Legislature, as prime sponsor, presented and explained the changes in HB 177 from the original bill version to Version B. The summary of changes [included in the committee packet] read as follows [original punctuation provided]:

Summary of Changes: Version A to Work Draft Version B
House Bill 177

"An Act relating to critical and essential minerals and the global energy transition."

Page 1, Line 1

Version B removes the words "and the global energy transition" from the bill title.

Section 1, Subsection (a) - Page 1, Lines 3-15

Subsection (a) was revised to convey the legislature's intent that the State of Alaska develop a strategic plan to increase critical and essential mineral development activity in the state. Version A of the bill limited this task to the Office of the Governor, but Version B expands the scope by including the entire state government in the development of this strategic plan.

Version B also removes references to the end products that critical and essential minerals can be used in to avoid the implication that critical and essential minerals only have a limited use, when in fact there are a wide array of uses for these minerals.

Section 1, Subsection (b) - Page 2, Lines 1-16

Subsection (b) was amended by deleting the list of specific minerals found in Version A and replacing it with language directing the Department of Natural Resources to rely on the most recent critical minerals lists published by the United States Department of Energy and the United States Department of the Interior, Geological Survey.

Subsection (b) was further amended to add "Native corporations" to the list of stakeholders that the Department of Natural Resources may consult with when developing the report. Language was also added to this

subsection requiring the commissioner to post the finalized report on the department's website.

Section 2, AS 44.33.431(c) - Page 2, Lines 17-24

Subsection (c) of Version A, which directed the Department of Commerce, Community, and Economic Development to provide a report, was deleted. In its place, Section 2 of Version B amends the Alaska Minerals Commission statute by adding the requirement that the commission also make recommendations related to strategies for increasing critical and essential mineral development in the state

[2:53:34 PM](#)

REPRESENTATIVE MEARS suggested that specific energy uses might be identified under HB 177.

REPRESENTATIVE SADDLER explained his preference to keep the bill broad to leave the option open to incorporate future uses such as new energy.

REPRESENTATIVE MEARS clarified her question but commented that it might be outside the scope of this bill.

[2:56:15 PM](#)

[The objection to adopting Version B was treated as withdrawn.]

REPRESENTATIVE RAUSCHER moved to report CSHB 177, Version 33-LS0744\B, Dunmire, 2/21/24, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 177(RES) was reported out of the House Resources Standing Committee.

[2:57:02 PM](#)

CHAIR MCKAY set the amendment deadline for HB 222 for February 29 at 5 p.m.

[2:57:34 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 2:57 p.m.