

**ALASKA STATE LEGISLATURE**  
**HOUSE RESOURCES STANDING COMMITTEE**

February 28, 2024

1:29 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  
Representative Donna Mears  
Representative Maxine Dibert

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

PRESENTATION(S) : ANNUAL MINING UPDATE

- HEARD

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."

- MOVED CSHB 282 (RES) 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."

- MOVED CSHB 296 (RES) OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 92 (2D RES)

"An Act relating to state ownership of submerged land underlying navigable water within the boundaries of federal areas; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

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
02/23/24	(H)	Heard & Held
02/23/24	(H)	MINUTE (RES)
02/28/24	(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
02/23/24	(H)	Heard & Held
02/23/24	(H)	MINUTE (RES)
02/28/24	(H)	RES AT 1:00 PM BARNES 124

**WITNESS REGISTER**

DEANTHA SKIBINSKI, Executive Director  
 Alaska Miners Association  
 Anchorage, Alaska

**POSITION STATEMENT:** Co-presented the Annual Mining Update.

KAREN MATHIAS, Executive Director  
 Alaska Metal Mines  
 Anchorage, Alaska

**POSITION STATEMENT:** Co-presented the Annual Mining Update.

KATIE SWEENEY, Executive Vice President & COO  
 National Mining Association  
 Washington, D.C.

**POSITION STATEMENT:** Provided a PowerPoint presentation, titled "Unearthing Potential," during the Annual Mining Update.

RACHEL LONGACRE, Chief of Operations  
 Division of Mining, Land and Water  
 Department of Natural Resources  
 Palmer, Alaska

**POSITION STATEMENT:** Was available for commentary during the hearing on HB 282.

CRAIG VALDEZ, Staff  
 Representative George Rauscher  
 Alaska State Legislature  
 Juneau, Alaska

**POSITION STATEMENT:** Explained amendments to HB 296.

BRENT GOODRUM, Deputy Commissioner  
 Alaska Department of Natural Resources  
 Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 296.

## **ACTION NARRATIVE**

[1:29:18 PM](#)

CHAIR MCKAY called the House Resources Standing Committee meeting to order at 1:29 p.m. Representatives Baker, McCabe, Armstrong, Mears, Dibert, and McKay were present at the call to order. Representatives Wright, Saddler, and Rauscher arrived as the meeting was in progress.

CHAIR MCKAY, before commencing with items on the agenda, issued an apology to ENSTAR Natural Gas Company regarding the manner in which he had asked a question regarding liquified natural gas in Canada during the 2/26/24 House Resources Standing Committee meeting.

The committee took an at-ease from 1:31 p.m. to 1:33 p.m.

### **PRESENTATION(S) : ANNUAL MINING UPDATE**

[1:33:02 PM](#)

CHAIR MCKAY announced that the first order of business would be the Annual Mining Update presentation.

[1:33:58 PM](#)

DEANTHA SKIBINSKI, Executive Director, Alaska Miners Association, introduced herself and the two other presenters and turned over the beginning of the presentation to Karen Mathias.

[1:34:36 PM](#)

KAREN MATHIAS, Executive Director, Alaska Metal Mines, co-presented a PowerPoint presentation [hard copy included in the committee packet], titled "Alaska Mining: Reaching Our Potential." She described how the U.S. is dependent on obtaining essential minerals from other countries to build its military assets. She expressed her concern that China and Russia dominate the processing and production of those minerals. Each F-35 stealth fighter utilizes over 900 pounds of rare earth elements.

MS. MATHIAS explained that global demand for greater energy diversification and technology will require an increase in minerals demand. She exemplified electric vehicles which require many different minerals compared to conventional cars.

The global demand for these minerals is increasing as market demand continues to favor electric vehicles. Of all the potential minerals to be found in Alaska, currently only gold and silver are being produced. Feasibility studies are needed to determine the viability of the extraction for various minerals including graphite. China recently added a list of minerals that are subject to export controls and restrictions. China currently dominates the supply chain, and "Alaska should be part of the solution."

[1:38:51 PM](#)

REPRESENTATIVE MCCABE made note of antimony deposits found in Alaska. China and Russia currently are the biggest producers and will not sell to the U.S. He sought to highlight the critical need of the military for rare minerals.

[1:40:14 PM](#)

MS. MATHIAS discussed strict environmental standards in Alaska, which are monitored and enforced. She emphasized the revenue that mining gives to local and state government: In 2022 that was \$55 million and approximately \$131 million, respectively. In 2022, the mining industry spent \$1 billion on goods and services with 450 Alaska businesses. She offered statistics related to jobs and training for Alaskans: 11,400 total jobs; \$1 billion annual wages; 73 percent average Alaska residents employed at the six large mines; 90-plus communities where mining employees live; and \$2.7 million invested in University of Alaska (UA) and vocational programs. She spoke about royalty payments from Red Dog Mine to Alaska Native corporations: \$266 million in 2022; \$1.8 billion in total since [1989]. She reported that in 2022, \$4.5 million were contributed to more than 280 nonprofit organizations. She turned over the next part of the presentation to Katie Sweeney.

[1:45:27 PM](#)

KATIE SWEENEY, Executive Vice President & COO, National Mining Association, gave a PowerPoint [hard copy included in the committee packet], titled "Unearthing Potential." She noted there are national policies that impede mining nationwide and in Alaska. She echoed Ms. Matthias' statement about Alaska's wealth of minerals. She talked about the intense growth toward electrification and associated need for mineral extraction. She stated nearly 400 mines are needed by 2035 for electric vehicles alone but both policy and political will are lacking. She gave

examples and noted the lengthy process of construction to production, including possible litigation. She talked about federal issues, leasing options, and taxes. Ms. Sweeney mentioned an Interagency Working Group and said most of its recommendations are "low-hanging improvements," and she offered examples. She said Congress has tried to take matters into its own hands. She mentioned the Fiscal Responsibility Act of 2023, which contains the first major amendments to the National Environmental Policy Act (NEPA) since it was enacted in 1970. The 2023 Act limits the scope of environmental impact statements and assessments, places time and page limits on the documents, establishes a process for determining a lead agency, allows for project proponents to do their own environmental analysis under supervision of a lead agency, and narrows the definition of major federal action.

[1:52:24 PM](#)

MS. SWEENEY stated that the Council on Environmental Quality recently proposed phase 2 changes to NEPA to supplement the 2022 rollback of the favorable 2020 NEPA reforms, which would not respect the bipartisan spirit that drove the Fiscal Responsibility Act NEPA amendment and fail to improve and reform the permitting process. She offered an example. She talked about Congress' focus on the process rather than substantive outcomes. Ms. Sweeney talked about land access. She said nearly 4.5 million acres are off limits to mining, 3.5 million of those from presidential action via the Antiquities Act; withdrawal of nearly 850,000 acres by the U.S. Department of the Interior; a conservation and landscape rule by the U.S. Bureau of Land Management (BLM); and other rule- and policy-making that affects land access. She listed another impediment is the U.S. Environmental Protection Agency's (EPA) comprehensive power plant strategy, regarding coal power and involving air, water, and waste, and ozone emissions and the potential retirement of over 48 gigawatts of capacity in just a few years. She said EPA has failed to conduct any kind of cumulative impact analysis of these coordinated activities. She noted that coal is vital to supplying electricity; it remains a workforce fuel for power generation: 20 percent in 2022 and 17 percent in 2023. Ms. Sweeney spoke about the importance of clean water but said there are conflicting regulations with every administration, which have led to increased uncertainty in the mining industry. She offered examples, and she brought attention to the cost of regulatory onslaught, as compiled by the American Action Forum.

[2:02:25 PM](#)

MS. SKIBINSKI presented a PowerPoint presentation, titled "Alaska Mining: Reaching Our Potential," she began on slide 11, titled "Bringing it Home to Alaska." She discussed statehood defense including the coordinated agency efforts to oppose federal overreach and encroachment on states' rights. She noted the legislature's efforts in establishing the Citizens Advisory Commission on Federal Areas (CACFA). She discussed the efforts to promote Alaska to investors as a smart and environmentally and ethically responsible place for resource development.

[2:04:03 PM](#)

MS. SKIBINSKI explained how Alaska is investing in education and training to grow Alaska's workforce and labor pool through education tax credits, K-12 Alaska Resource Education program, and vocational training across the state. She emphasized the importance of partnerships with communities and how mines have become anchors of Alaska communities. She exemplified Red Dog Mine, which has transformed Northwest Alaska. She stated that the mines around Juneau are the largest taxpayers and private sector employers. She discussed the Alaska Mental Health Trust, which creates resource revenues for beneficiaries and the Office of Project Management and Permitting, which coordinates the reimbursable service agreements. She emphasized the importance of partnerships with Alaska Native Corporations. The legislature has been an important partner in ensuring the health of the mining industry.

[2:08:16 PM](#)

MS. SKIBINSKI explained that the two largest cost drivers for the mining industry are the lack of infrastructure and energy costs. Limited access to roads, ports, power, and broadband makes it difficult to bring mines online. She explained how statewide issues are also challenges to the mining industry such as affordable housing availability, childcare, and skilled worker shortages.

[2:10:28 PM](#)

MS. SKIBINSKI explained that the lack of a long-term and stable fiscal policy plan creates uncertainty for investors. She emphasized the importance of ensuring that permitting agencies are adequately funded so that skilled personnel are permitting and overseeing mining projects and carrying out Alaska's stringent environmental regime. The implementation of

reasonable policies will attract investment and ensure public trust in the process. She said that mining is in the spotlight like never before, and she urged that now is the time for Alaska to leverage its mineral endowment.

[2:12:15 PM](#)

CHAIR MCKAY thanked the presenters.

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

[2:13:26 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."

[2:14:17 PM](#)

CHAIR MCKAY opened public testimony on HB 282. After ascertaining no one wished to testify, he closed public testimony.

[2:14:57 PM](#)

REPRESENTATIVE MEARS moved to adopt Amendment 1 to HB 282, labeled 33-GH2634\A.1, Bullard, 2/26/24, which read as follows:

Page 4, line 9:

Delete "may"

Insert "shall offer the land to the Department of Natural Resources. If the Department of Natural Resources accepts the offer within 45 days after receiving the offer, the department shall transfer the land to the Department of Natural Resources. If the Department of Natural Resources rejects the offer or fails to accept the offer within 45 days after receiving the offer, the offer is terminated and the

department may sell, contract to sell, lease, or exchange the land according to terms, standards, and conditions established by the commissioner."

Page 4, lines 10 - 13:  
Delete all material.

[2:15:02 PM](#)

CHAIR MCKAY objected for purposes of discussion.

[2:15:06 PM](#)

REPRESENTATIVE MEARS synopsized that Amendment 1 would provide more opportunities for discussions on workload and balance this disposition.

[2:16:02 PM](#)

RACHEL LONGACRE, Chief of Operations, Division of Mining, Land and Water, Department of Natural Resources, stated that the administration was neutral to the amendment.

[2:16:25 PM](#)

CHAIR MCKAY removed his objection to Amendment 1. There being no further objection, Amendment 1 was adopted.

[2:16:59 PM](#)

REPRESENTATIVE RAUSCHER moved to report HB 282, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 282(RES) was reported out of the House Resources Standing Committee.

[2:17:44 PM](#)

The committee took a brief at-ease at 2:17 p.m.

**HB 296-AGRICULTURAL PRODUCTS/LOANS/SALES**

[2:17:58 PM](#)

CHAIR MCKAY announced that the final 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." [Before the committee, adopted as a working document on 2/23/24 and amended, was CS for HB 296, Version 33-GH2386\B, Bullard, 2/12/24 ("Version B").]

CHAIR MCKAY entertained [further] amendments.

[2:18:29 PM](#)

REPRESENTATIVE RAUSCHER moved to adopt Amendment [7] to HB 296, labeled 33-GH2386\B.14, Bullard, 2/24/24, which read as follows:

Page 10, following line 25:

Insert a new bill section to read:

**"\* Sec. 25.** The uncodified law of the State of Alaska is amended by adding a new section to read:

INSTITUTIONAL PURCHASING PROCESS REVIEW AND REPORT TO THE LEGISLATURE. (a) The director of the division of the Department of Natural Resources with responsibility for agriculture, in collaboration with the chief procurement officer appointed under AS 36.30.010, shall prepare a report containing recommendations as to how state procurement processes may be amended to purchase greater quantities of agricultural products harvested in the state. In preparing the report, the director shall consult with, and solicit recommendations from, state agricultural producers, distributors, and agency buyers. The report must include

(1) a review of state agency contracting and procurement processes to identify opportunities for the agencies to procure greater quantities of agricultural products harvested in the state and related findings;

(2) recommendations as to how existing state agency procurement practices, policies, regulations, or state statutes could be amended to facilitate state agencies purchase of agricultural products harvested in the state; and

(3) a description of the result of collaboration with state agricultural producers, distributors, and agency buyers.

(b) The director of the division of the Department of Natural Resources with responsibility for agriculture, in collaboration with the chief procurement officer appointed under AS 36.30.010, shall submit the report to the senate secretary and chief clerk of the house of representatives on or before the first day of the First Regular Session of the Thirty-Fourth Alaska State Legislature, and notify the legislature that the report is available."

Renumber the following bill sections accordingly.

Page 11, line 17:

Delete "Sections 1 and 26"

Insert "Sections 1 and 27"

CHAIR MCKAY objected for the purpose of discussion.

[2:19:01 PM](#)

CRAIG VALDEZ, Staff, Representative George Rauscher, Alaska State Legislature, explained that the amendment was in regard to procurement and other factors made to the legislature regarding the Crop Act.

[2:20:34 PM](#)

REPRESENTATIVE ARMSTRONG asked whether the department anticipated any costs.

[2:20:42 PM](#)

BRENT GOODRUM, Deputy Commissioner, Department of Natural Resources, said the amendment was an additional reporting requirement led by the director of the Division of Agriculture, and the department noted it would increase the fiscal impact of the bill.

REPRESENTATIVE ARMSTRONG asked Mr. Goodrum whether he supported the amendment.

MR. GOODRUM answered that it is an area that needed more work and better suited to other arenas.

[2:22:19 PM](#)

REPRESENTATIVE MEARS noted that her office recognized that procurement was a powerful tool in Alaska and there must be more understanding towards meaningful changes to policy.

[2:23:06 PM](#)

REPRESENTATIVE RAUSCHER [moved to] withdraw Amendment [7].

[2:23:22 PM](#)

REPRESENTATIVE SADDLER asked Deputy Commissioner Goodrum to expand on the resources and qualifications needed.

[2:23:40 PM](#)

MR. GOODRUM said procurement statewide is a big issue and a topic that has "many different tentacles," and far beyond the scope of what his director needed to be focused on in the upcoming growing season.

[2:24:49 PM](#)

CHAIR MCKAY removed his objection and announced that [there being no objection], Amendment [7] had been withdrawn.

[2:25:03 PM](#)

REPRESENTATIVE MEARS moved to adopt Amendment [8] to HB 296, labeled 33-GH2386\B.15, Bullard, 2/26/24, which read as follows:

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

Page 2, line 6, following "machinery;":  
Insert "or  
(v) in-state manufacturing of food or production of animal feed;"

Page 2, line 16:  
Delete "or"

Page 2, line 17, following "state;":  
Insert "or  
(vi) in-state manufacturing of food or production of animal feed;"

CHAIR MCKAY objected for the purpose of discussion.

REPRESENTATIVE MEARS said the amendment focused on manufacturing not just food for people but feed for animals.

[2:26:45 PM](#)

REPRESENTATIVE SADDLER asked about the size or value of food production for humans and production for animal feed.

REPRESENTATIVE MEARS answered that she didn't have that scope in front of her.

[2:27:20 PM](#)

REPRESENTATIVE RAUSCHER questioned what DNR would have to say about the amendment.

[2:27:28 PM](#)

MR. GOODRUM confirmed that DNR was supportive of Amendment [8].

[2:28:08 PM](#)

REPRESENTATIVE SADDLER restated his earlier question regarding the authorization for loans.

MR. GOODRUM mirrored Representative Mears and stated it is not understood at this moment.

REPRESENTATIVE SADDLER noted his concern over providing too much money or not enough.

MR. GOODRUM confirmed that DNR was looking to add value to the market.

[2:29:44 PM](#)

REPRESENTATIVE MEARS recalled the revolving loan fund being underutilized; therefore, having opportunity for larger amounts and much needed manufacturing included would be beneficial to the state.

[2:30:13 PM](#)

CHAIR MCKAY removed his objection. [There being no further objection, Amendment 8 was adopted.]

2:30:20 PM

The committee took a brief at-ease at 2:30 p.m.

2:30:37 PM

REPRESENTATIVE RAUSCHER moved to report CSHB 296, Version 33-GH2386\B, Bullard, 2/12/24, as amended, out of committee with individual recommendations and the accompanying fiscal notes and to give Legislative Legal Services the authority to make technical and conforming changes. There being no objection, CSHB 296(RES) was reported out of the House Resources Standing Committee.

2:31:40 PM

**ADJOURNMENT**

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 2:32 p.m.