

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

March 1, 2024

1:10 p.m.

MEMBERS PRESENT

Representative Tom McKay, Chair
Representative George Rauscher, Vice Chair
Representative Thomas Baker
Representative Kevin McCabe
Representative Dan Saddler
Representative Jennie Armstrong
Representative Donna Mears

MEMBERS ABSENT

Representative Stanley Wright
Representative Maxine Dibert

COMMITTEE CALENDAR

HOUSE BILL NO. 359

"An Act relating to the permanent fund dividend and a one-time permanent fund dividend payment and land voucher; and providing for an effective date."

- HEARD & HELD

SENATE SPECIAL CONCURRENT RESOLUTION NO. 11
Disapproving Executive Order No. 134.

- CONSIDERED

SENATE SPECIAL CONCURRENT RESOLUTION NO. 3
Disapproving Executive Order No. 126.

- CONSIDERED

SENATE SPECIAL CONCURRENT RESOLUTION NO. 9
Disapproving Executive Order No. 132.

- CONSIDERED

SENATE SPECIAL CONCURRENT RESOLUTION NO. 1
Disapproving Executive Order No. 124.

- CONSIDERED

HOUSE BILL NO. 222

"An Act relating to the Alaska permanent fund and the income and investments of the fund; relating to the permanent fund dividend; and providing for an effective date."

- MOVED HB 222 OUT OF COMMITTEE

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

PREVIOUS COMMITTEE ACTION

BILL: HB 359

SHORT TITLE: ONE-TIME PFD PAYMENT

SPONSOR(S): REPRESENTATIVE(S) CRONK

02/20/24 (H) READ THE FIRST TIME - REFERRALS
02/20/24 (H) RES, FIN
03/01/24 (H) RES AT 1:00 PM BARNES 124

BILL: SSCR11

SHORT TITLE: DISAPPROVE EO 134

SPONSOR(S): RULES

02/12/24 (S) READ THE FIRST TIME - REFERRALS
02/12/24 (S) RES
02/14/24 (S) RES AT 3:30 PM BUTROVICH 205
02/14/24 (S) Moved SSCR11 Out of Committee
02/14/24 (S) MINUTE(RES)
02/15/24 (S) RES RPT 5DP 2NR
02/15/24 (S) DP: GIESSEL, BISHOP, KAWASAKI, CLAMAN,
WIELECHOWSKI
02/15/24 (S) NR: KAUFMAN, DUNBAR
02/15/24 (S) TRANSMITTED TO (H)
02/15/24 (S) VERSION: SSCR11
02/20/24 (H) READ THE FIRST TIME - REFERRALS
02/20/24 (H) RES
03/01/24 (H) RES AT 1:00 PM BARNES 124

BILL: SSCR 3

SHORT TITLE: DISAPPROVE EO 126

SPONSOR(S): RULES

02/12/24 (S) READ THE FIRST TIME - REFERRALS
02/12/24 (S) RES
02/14/24 (S) RES AT 3:30 PM BUTROVICH 205
02/14/24 (S) Moved SSCR 3 Out of Committee
02/14/24 (S) MINUTE(RES)
02/15/24 (S) RES RPT 6DP
02/15/24 (S) DP: GIESSEL, BISHOP, KAWASAKI, CLAMAN,
WIELECHOWSKI, DUNBAR
02/15/24 (S) TRANSMITTED TO (H)
02/15/24 (S) VERSION: SSCR 3
02/20/24 (H) READ THE FIRST TIME - REFERRALS
02/20/24 (H) RES
03/01/24 (H) RES AT 1:00 PM BARNES 124

BILL: SSCR 9

SHORT TITLE: DISAPPROVE EO 132

SPONSOR(s): RULES

02/12/24 (S) READ THE FIRST TIME - REFERRALS
02/12/24 (S) RES
02/14/24 (S) RES AT 3:30 PM BUTROVICH 205
02/14/24 (S) Moved SSCR 9 Out of Committee
02/14/24 (S) MINUTE(RES)
02/15/24 (S) RES RPT 6DP
02/15/24 (S) DP: GIESSEL, BISHOP, KAWASAKI, CLAMAN,
WIELECHOWSKI, DUNBAR
02/15/24 (S) TRANSMITTED TO (H)
02/15/24 (S) VERSION: SSCR 9
02/20/24 (H) READ THE FIRST TIME - REFERRALS
02/20/24 (H) RES
03/01/24 (H) RES AT 1:00 PM BARNES 124

BILL: SSCR 1

SHORT TITLE: DISAPPROVE EO 124

SPONSOR(s): RULES

02/12/24 (S) READ THE FIRST TIME - REFERRALS
02/12/24 (S) RES
02/14/24 (S) RES AT 3:30 PM BUTROVICH 205
02/14/24 (S) Moved SSCR 1 Out of Committee
02/14/24 (S) MINUTE(RES)
02/15/24 (S) RES RPT 6DP 1NR
02/15/24 (S) DP: GIESSEL, BISHOP, KAWASAKI, CLAMAN,
WIELECHOWSKI, DUNBAR
02/15/24 (S) NR: KAUFMAN
02/15/24 (S) TRANSMITTED TO (H)

02/15/24 (S) VERSION: SSCR 1
02/20/24 (H) READ THE FIRST TIME - REFERRALS
02/20/24 (H) RES
03/01/24 (H) RES AT 1:00 PM BARNES 124

BILL: HB 222

SHORT TITLE: PERMANENT FUND/AIDEA FUND INVESTMENTS
SPONSOR(s): SUMNER

01/16/24 (H) PREFILE RELEASED 1/8/24
01/16/24 (H) READ THE FIRST TIME - REFERRALS
01/16/24 (H) RES, FIN
02/02/24 (H) RES AT 1:00 PM BARNES 124
02/02/24 (H) Heard & Held
02/02/24 (H) MINUTE(RES)
02/09/24 (H) RES AT 1:00 PM BARNES 124
02/09/24 (H) Heard & Held
02/09/24 (H) MINUTE(RES)
03/01/24 (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
02/23/24 (H) Heard & Held
02/23/24 (H) MINUTE(RES)
02/26/24 (H) RES AT 1:00 PM BARNES 124
02/26/24 (H) Heard & Held
02/26/24 (H) MINUTE(RES)
03/01/24 (H) RES AT 1:00 PM BARNES 124

WITNESS REGISTER

REPRESENTATIVE MIKE CRONK
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HB 359.

DAVE STANCLIFF, Staff
Representative Mike Cronk
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 359 on behalf of Representative Cronk, prime sponsor.

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

POSITION STATEMENT: Gave a PowerPoint presentation on EO 134, during the hearing on SSCR 11.

RICKY GEASE, Director
Central Office
Division of Parks and Outdoor Recreation
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: Gave a PowerPoint presentation on EO 126 during the hearing on SSCR 3; gave a PowerPoint presentation on EO 132 during the hearing on SSCR 9.

JOSEPH FELKL, Legislative Liaison
Office of the Commissioner
Alaska Department of Fish & Game
Juneau, Alaska

POSITION STATEMENT: Spoke on EO 124 during the hearing on SSCR 1.

RYAN SCOTT, Director
Division of Wildlife Conservation
Alaska Department of Fish & Game
Juneau, Alaska

POSITION STATEMENT: Answered questions on EO 124 during the hearing on SSCR 1.

CODY RICE, Staff
Alaska House Majority
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided introductory remarks on HB 222 on behalf of Representative Sumner, prime sponsor.

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

POSITION STATEMENT: Presented Amendment 1 to HB 223, on behalf of Representative McKay.

JOHN CROWTHER, Deputy Commissioner
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on the proposed committee substitute for HB 223, Version S.

DEREK NOTTINGHAM, Director
Division of Oil & Gas
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on the proposed committee substitute for HB 223, Version S.

ACTION NARRATIVE

[1:10:13 PM](#)

CHAIR TOM MCKAY called the House Resources Standing Committee meeting to order at 1:10 p.m. Representatives McCabe, Saddler, Armstrong, Mears, and McKay were present at the call to order. Representatives Baker and Rauscher arrived as the meeting was in progress.

HB 359-ONE-TIME PFD PAYMENT

[1:11:05 PM](#)

CHAIR MCKAY announced that the first order of business would be HOUSE BILL NO. 359, "An Act relating to the permanent fund dividend and a one-time permanent fund dividend payment and land voucher; and providing for an effective date."

[1:11:18 PM](#)

REPRESENTATIVE MIKE CRONK, Alaska State Legislature, as prime sponsor of HB 359, deferred to his staff, Mr. Stancliff, to present the bill.

1:11:41 PM

DAVE STANCLIFF, Staff, Representative Mike Cronk, Alaska State Legislature, on behalf of Representative Cronk, prime sponsor, presented HB 359. He shared the sponsor statement [included in the committee packet], which read as follows [original punctuation provided]:

HB - 359 is drafted to allow a one-time opportunity for PFD recipients to receive a lump sum amount of \$15,000.00 dollars and a \$5000.00 non-transferable land credit in lieu of any future yearly payouts.

The benefit for those choosing the buyout option will be a more useful amount of money immediately and a substantial credit for future purchase of any state lands made available for private ownership.

Facts: The courts have ruled the legislature can ignore the PFD statutory requirements previously established. In response legislators have reduced PFD amounts below the statutory requirements to balance annual budgets.

It does not take artificial intelligence metrics to see how the rising cost of government affects the PFD amounts. Each year the savings accounts are being drained and rising inflation forces the legislature to reduce the PFD payout.

The question is not if the PFD will disappear, it is when will the PFD disappear? Legislators do not need economic wizards or flow charts to see where annual budgets lines meet the PFD cost line. At some point in the not-too-distant future there will be no options left and the PFD will be funded at minuscule levels if at all.

Basic Math: (Using \$1500.00 dollar PFD annual baseline) (Using a population of 600,00) (Assuming 1 in 3 PFD recipients take the buyout.)

Example: To execute the buyout provision the one-time up-front cost to the state will be \$3 billion dollars to buyout 200,000 PFD recipients. (200,000 x \$15,000.00 dollars)

With the elimination of 200,000 PFDs, the additional revenue available to the state for 20 years will be \$6 billion dollars. (20 years X 200,000 people X \$1500.00 PFD)

Using the same metrics those who retain the existing PFD plan for the next 20 years would receive \$30,000.00 dollars. (20 years@ \$1500.00 per year)

Questions of age, health, economic needs, and family will affect decisions.

I.e. For a family of four who need a down payment on a house, a car or college tuition, a \$15,000.00 lump sum may be very helpful.

As for folks still willing to pull the familiar PFD lever, the realities of Alaska's budget, and the spending patterns of legislators, should make the "Cash Out" button much more tempting.

[1:13:56 PM](#)

MR. STANCLIFF next presented the sectional analysis for HB 359 [included in the committee packet], which read as follows [original punctuation provided]:

Section 1.

Adds a new section to AS 38.05.942.

Permanent fund dividend land vouchers.

Establishes the authority for the Department of Resources to receive from the Department of Revenue a land voucher for use in the purchase of state land.

Section 2.

Amends AS 43.23.025 (a)

Establishes the number of individuals eligible for a PFD "Cash out."

Section 3.

Amends AS 43.23 with a new section to article I.

Establishes the one-time amount of the "Cash out" as well as the PFD land voucher and establishes the

funding will be made through a legislative appropriation.

[1:14:42 PM](#)

REPRESENTATIVE CRONK observed a refusal by the legislature to fix the issue of the Alaska permanent fund. He said the permanent fund dividend (PFD) will be permanent for government expenses, not for the people. He said this matter is worthy of conversation and impressed upon the importance of honesty for the people of Alaska.

[1:16:37 PM](#)

CHAIR MCKAY shared his understanding that if the bill were to pass, a person could request 20 years' worth of dividends to put towards land.

MR. STANCLIFF clarified that any person could choose to "cash out" their dividend and receive \$15,000 and a one-time land voucher for \$5,000.

[1:18:58 PM](#)

REPRESENTATIVE SADDLER asked whether the land voucher would be transferrable.

REPRESENTATIVE CRONK answered that nothing is set in stone and all options are on the table.

MR. STANCLIFF noted that the [Division of Mining, Land and Water] would keep a log of those individuals qualified for the land voucher, so there would be no need to issue physical vouchers thereby saving the state time and money.

[1:21:24 PM](#)

REPRESENTATIVE RAUSCHER considered a scenario in which 25 percent of dividend eligible Alaskans decided to cash out their PFD. He asked how that would be funded, while still paying out individual dividends to the rest of the population.

MR. STANCLIFF said it would depend on how the legislature sought to fund the cash out where that money might come from.

[1:24:28 PM](#)

REPRESENTATIVE MEARS expressed concern about this decision being made for minors and people under legal care of someone else, as well as the inequity of those who would be able to take advantage of a land voucher.

REPRESENTATIVE CRONK said he anticipated those types of questions and thanked Representative Mears for sharing her concerns.

[1:25:56 PM](#)

REPRESENTATIVE ARMSTRONG asked how the bill sponsor chose the metric of one-in-three PFD recipients and questioned whether it's a reasonable barometer.

MR. STANCLIFF answered that the one-in-three metric was an initial attempt at estimating how many people may opt into the plan. He said the number was chosen to make the proposal easier to understand.

REPRESENTATIVE ARMSTRONG pointed out behavioral economics show that most people choose to take a lower, lump sum amount, as opposed to more money over time. She recommended that the Legislative Finance Division analyze the financial impact to the Alaska permanent fund and present economic scenarios at varying levels of uptake.

[1:28:38 PM](#)

REPRESENTATIVE SADDLER agreed that further discussion is required. He asked whether Representative Cronk would encourage his constituents to take such a deal.

[1:29:16 PM](#)

REPRESENTATIVE CRONK responded, "If I was a gambling man, I would," as he predicted that dividends would get progressively lower. He reiterated his belief that the legislature has failed to address the PFD issue and the bill is an attempt at forcing discussion.

[1:30:35 PM](#)

CHAIR MCKAY announced that HB 359 was held over.

SSCR11-DISAPPROVE EO 134

1:30:53 PM

CHAIR MCKAY announced that the next order of business would be SENATE SPECIAL CONCURRENT RESOLUTION NO. 11, Disapproving Executive Order No. 134.

1:31:32 PM

BRENT GOODRUM, Deputy Commissioner, Department of Natural Resources, gave a PowerPoint presentation, entitled "Executive Order 134: Eliminating the Recreation Rivers Advisory Board," dated 3/1/24 [hard copy included in the committee packet]. He began on slide 2, "Susitna Basin Recreation Rivers Advisory Board," which read as follows [original punctuation provided]:

Created by Recreation Rivers Act of 1988 (AS 41.23.400-510):

- The primary purpose of the Act is for the establishment of the six recreation river corridors for their maintenance and enhancement of fish and wildlife population for recreation and economic use ensuring multiple use management.
- Established a Governor-appointed, 13-member advisory board representing:
 - (1) commercial fishing;
 - (2) sport fishing;
 - (3) sport hunting;
 - (4) conservation;
 - (5) subsistence
 - (6) forest products;
 - (7) mining;
 - (8) powerboat users;
 - (9) recreationally-oriented commercial users;
 - (10) other recreational users;
 - (11) private property owners within the recreation river corridors;
 - (12) the Matanuska-Susitna Borough Planning Commission from the membership of the planning commission; and
 - 13) the mayor of the Matanuska-Susitna Borough or the designee of the mayor

MR. GOODRUM continued to side 3, "Susitna Basin Recreation Rivers Advisory Board," which read as follows [original punctuation provided]:

- Requires DNR write a management plan
 - Original Management Plan adopted in 1991
- Plan establishes management guidelines
 - Manage activities consistent with statutory purposes
 - Protect fish, wildlife, and the river's free flow
 - Identify special recreation values and manage intensity and types of recreational use
 - Designate management guidelines for development activities
 - Designate management guidelines for commercial recreation activities or development
 - Provide for transportation and utility corridors, public safety, and law enforcement
 - Provide for reasonable access
 - Establish criteria and timelines to review future proposed uses for compatibility with AS 41.23.400

[1:34:05 PM](#)

MR. GOODRUM advanced to slide 4, "Advisory Board Responsibilities," which read as follows [original punctuation provided]:

The Board assists in preparing, adopting, and revising the recreation river management plan and regulations affecting use and management of the recreation rivers.

MR. GOODRUM noted that there have been 19 meetings scheduled since the board's reconstitution in 2021. Quorum was not obtained for 4 of the 19 meetings. The next scheduled meeting of the advisory board is March 13, 2024, as a proposed work session to review public comments submitted on the public review draft of the proposed plan.

[1:34:28 PM](#)

MR. GOODRUM proceeded to slide 5, "Executive Order 134," which read as follows [original punctuation provided]:

WHAT:

- Sunsets the advisory council; transfer the functions and duties of the Susitna Basin Recreation Rivers Advisory Board to DNR

WHY:

- Creates efficiency and establishes single point of contact for management
- Eliminates duplication within state government
- Resulting in increased performance and accountability

FUTURE:

- Any changes to the Susitna Basin Recreation Rivers management plan must already go through a robust public process in consultation with affected municipalities, state agencies, and stakeholders that requires public notice, public comment periods, and meetings in the affected communities

[1:35:13 PM](#)

MR. GOODRUM concluded the presentation on slide 6 with a sectional analysis, which read as follows [original punctuation provided]:

Sec. 1, Page 1

Adds a new section to the uncodified law providing the governor's findings that it is in the best interests of efficient administration to transfer the functions of the Recreation Rivers Advisory Board to the Department of Natural Resources, and to eliminate the board as it is no longer needed

Sec. 2, Page 1

Amends AS 41.23.440(a) (relating to management plans for recreation rivers and corridors) to delete the reference to the advisory board. The DNR commissioner would no longer be required to consult with the board when preparing or revising a management plan for each of the six recreation rivers and their corridors. The commissioner and each affected municipality would still be required to consult with public and state agencies

Sec. 3, Page 2

Repeals AS 41.23.430 which established the Recreation Rivers Advisory Board

Sec. 4, Page 2

Adds a new section to the uncodified law to provide guidelines for the transition period that would be required by this executive order

Sec. 5, Page 3
Effective date of July 1, 2024

[1:36:03 PM](#)

REPRESENTATIVE ARMSTRONG asked Mr. Goodrum to elaborate on inefficiencies, detail the meaning of "performance", and explain how these measures would increase accountability.

MR. GOODRUM replied that the department does a vast majority of the board's work already. He cited an inability to meet quorum as contributing to the department's frustration.

[1:39:27 PM](#)

REPRESENTATIVE MCCABE recalled that the board was reconstituted in 2021. He asked Mr. Goodrum to comment on the "new [management] plan."

MR. GOODRUM confirmed that the board was in name only for a number of decades. He said a new or updated version of the management plan would likely be finalized and adopted.

[1:41:20 PM](#)

REPRESENTATIVE SADDLER asked what issues would be addressed by the management plan.

MR. GOODRUM referred back to slides 2 and 3, which outlined the board's interests and management guidelines.

REPRESENTATIVE SADDLER asked whether there are other geological groups of rivers similar to the Recreational Rivers Advisory Report on Susitna.

MR. GOODRUM responded that to his knowledge, there is not another grouping of recreational rivers within the state containing several different water bodies being managed for special purposes.

[1:43:41 PM](#)

REPRESENTATIVE MCCABE expressed interest in the management plan proposed by the board, which he characterized as restrictive and catering to special interests. He shared his understanding that the Susitna Basin Rivers would be put in the same category as the boundary waters canoe area with no motorized vehicles and limited camping. He asked how that would best serve Alaskans.

MR. GOODRUM declined to speak on behalf of the board. He surmised that in the 1990s, the board may have anticipated the best use of these areas with strong interests in commercial and sport fishing. He reiterated that ultimately, the advisory board puts forth recommendations, adding that the commissioner decides whether to adopt them.

REPRESENTATIVE MCCABE reiterated that the plan is significantly more extensive and restrictive to Alaskans' recreational use. He recalled that the governor "was forced" to remove board members in the past and asked whether the board had become too politicized.

MR. GOODRUM shared his belief that DNR feels capable of doing the planning on its own.

[1:47:22 PM](#)

REPRESENTATIVE SADDLER asked whether current laws are sufficient to maintain the health of the wild recreational resources in these rivers.

MR. GOODRUM answered yes.

[SSCR 11 was held over.]

SSCR 3-DISAPPROVE EO 126

[1:48:24 PM](#)

CHAIR MCKAY announced that the next order of business would be SENATE SPECIAL CONCURRENT RESOLUTION NO. 3, Disapproving Executive Order No. 126.

[1:48:53 PM](#)

RICKY GEASE, Director, Central Office, Division of Parks and Outdoor Recreation, Department of Natural Resources, explained that 12 advisory councils across the state advise the division on issues in different regions. Two such entities, the Wood-

Tikchik State Park Management Council and the Alaska Chilkat Bald Eagle Preserve, are appointed by the governor and set in statute with the purpose of developing management plans. He noted that the Kenai River Special Management Area is commissioner appointed while the nine remaining councils are regional area citizen advisory boards appointed by the director. He directed attention to a PowerPoint presentation, entitled "Executive Order 126: Eliminating the Wood-Tikchik State Park Management Council," dated 3/1/24 [hard copy included in the committee packet].

[1:51:01 PM](#)

MR. GEASE began on slide 2, "Wood-Tikchik State Park," which read as follows [original punctuation provided]:

- 1,541,759 acres near Dillingham
- Established by Legislature in 1978 (AS 41.21.161)
- Primary purpose: protect the area's fish and wildlife systems (important breeding grounds) and continued subsistence and recreational activities
- Largest state park in the U.S., managed by 1 park employee

MR. GEASE continued to slide 3, "Wood-Tikchik State Park," which read as follows [original punctuation provided]:

- Alaska State Constitution Article 8, Section 7: - Special Purpose Sites: Legislature may reserve land from the public domain
- Legislature closed the park land and water to "multiple use" and dedicated area as special purpose site (closed to oil and gas leasing, mineral entry) (AS 41.21.160-167)
- Alaska Department of Fish and Game (ADF&G) is responsible for managing fish and game resources within park

MR. GEASE advanced to slide 4, "Management Council Members," which read as follows [original punctuation provided]:

- 7-member Wood-Tikchik State Park Management Council is established in AS 41.21.163.
- Governor appoints one member from three nominations submitted by each of the following:
 - the village council of Koliganek
 - the village council of New Stuyahok

- the village council of Aleknagik
- the city council of Dillingham
- the Bristol Bay Native Association, Inc.
- the commissioner of natural resources
- the commissioner of fish and game

[1:52:36 PM](#)

MR. GEASE turned to slide 5, "Management Council Responsibilities," which read as follows [original punctuation provided]:

- Management council provides feedback, recommendations and local insight regarding management, operations, facilities
- Meetings serve as a forum for public input on park management
- Members set agenda items, discuss topics such as park user conflicts, resource issues, proposed developments and proposed regulation changes
- The Wood-Tikchik State Park Management Council shall develop a management plan for the park with the advice and assistance of the department (AS 41.21.164)
- DNR, ADF&G must consult with each other and the management council before adopting regulations

MR. GEASE continued to slide 6, "DNR's Support Role," which read as follows [original punctuation provided]:

Division of Parks & Outdoor Recreation coordinates and supports the Management Council by:

- Providing staff to develop management plan
- Issuing public notice for meetings
- Assisting with agendas
- Taking meeting minutes and/or recording meeting
- Posting meeting minutes and/or recording meeting
- Coordinating appointments through Governor's office
- Filling requests for information from DNR

Council has met online since 2020 and the most recent meeting was February 1, 2024.

MR. GEASE continued to slide 7, "Executive Order 126," which read as follows [original punctuation provided]:

WHAT:

- Sunsets the management council. DNR will develop management plans and receive stakeholder input through traditional channels and creation of citizen advisory board

WHY:

- Creates efficiency and establishes single point of contact for park management
- Eliminates duplication within state government
- Aligns management activities with those of other parks

FUTURE:

- Management processes don't change - revisions subject to robust public process and multiple input opportunities
- Alaska Department of Fish & Game remains involved in management plan development, associated activities

[1:55:44 PM](#)

CHAIR MCKAYADS sought clarity on the "RADS" acronym.

MR. GEASE answered the Resource Assessment and Development Section, which performs all the management plans for DNR.

[1:56:01 PM](#)

REPRESENTATIVE SADDLER asked whether the Wood-Tikchik Management Council serves the purpose of a citizen's advisory council or whether there would still be a citizen's advisory council if the management council were eliminated.

MR. GEASE said currently, the Wood-Tikchik Management Council functions very similar to a regional citizen advisory board.

REPRESENTATIVE SADDLER asked whether there would be a need to develop a citizen's advisory council for the Wood-Tikchik State Park if the management council were eliminated.

[1:56:45 PM](#)

MR. GEASE answered yes, if the executive orders (EOs) are confirmed, both the Wood-Tikchik State Park Management Council and the Alaska Chilkat Bald Eagle Preserve would need regional citizen advisory boards.

[1:57:09 PM](#)

REPRESENTATIVE SADDLER asked what would be different if the EO were confirmed.

MR. GEASE indicated that vacancies are easier to fill on the regional citizen advisory councils and quorum is met more often.

[1:59:25 PM](#)

MR. GEASE concluded the presentation on slide 8, "Future Stakeholder Engagement," which read as follows [original punctuation provided]:

DNR has other important engagement tools:

- Creation of a local citizen advisory board covering the parks in the local region (Lake Aleknagik State Recreation Site)
- Citizen advisory boards assist park staff with management and development issues
- Alaska State Parks director appoints members for up to 3-year terms
- Members are representative of multiple user groups
- Active boards in Chugach, Juneau, Kachemak Bay, Ketchikan, Kodiak, Mat-Su, Northern Region and Seward

[SSCR 3 was held over.]

SSCR 9-DISAPPROVE EO 132

[1:59:46 PM](#)

CHAIR MCKAY announced that the next order of business would be SENATE SPECIAL CONCURRENT RESOLUTION NO. 9, Disapproving Executive Order No. 132.

[2:00:12 PM](#)

MR. GEASE directed attention to a PowerPoint presentation, entitled "Executive Order 132: Eliminating the Alaska Chilkat Bald Eagle Preserve Advisory Council," dated 3/1/24 [hard copy included in the committee packet]. He began on slide 2, "Alaska Chilkat Bald Eagle Preserve," which read as follows [original punctuation provided]:

- 43,921 acres of river bottom near Haines
- Established by Legislature in 1982 (AS 41.21.611)

- Primary purpose: protect and perpetuate the bald eagle habitat inside the preserve
- One of the world's largest concentrations of bald eagles

MR. GEASE continued to slide 3, "Alaska Chilkat Bald Eagle Preserve," which read as follows [original punctuation provided]:

- Alaska State Constitution Article 8, Section 7: - Special Purpose Sites: Legislature may reserve land from the public domain
- Legislature closed the preserve to "multiple use" and dedicated area as special purpose site (closed to oil and gas leasing, mineral entry) (AS 41.21.610(d))
- Traditional uses including hunting, fishing, trapping, and other subsistence and recreational uses are allowed (AS 41.21.618)

MR. GEASE advanced to slide 4, "Advisory Council Members," which read as follows [original punctuation provided]:

The 12-member Advisory Council established by AS 41.21.625:

- Governor appoints 3 members to 2-year terms:
 - Haines Borough resident representing a conservation organization
 - United State Fish and Wildlife Service representative
 - Upper Lynn Canal Fish and Game Advisory Committee member
- Haines Borough Mayor recommends to Governor appointee to fill seat representing commercial or industrial interests
- Ex-officio members are named positions in statute (or designees):
 - Haines Borough Mayor
 - Klukwan, Inc. President
 - Chilkat Indian Village Council chair
 - Chilkoot Indian Association chair
 - Haines Borough Assembly member
 - Alaska Department of Fish & Game Commissioner (or designee)
 - Alaska Director of Division of Parks & Outdoor Recreation (or designee)
 - Alaska Director of Division of Forestry & Fire Protection (or designee)

2:01:58 PM

MR. GEASE turned to slide 5, "Advisory Council Responsibilities," which read as follows [original punctuation provided]:

- Advisory council provides feedback, recommendations and local insight regarding management, operations and facilities
- Meetings serve as a forum for public input on preserve management
- Members set agenda items and discuss topics such as user conflicts, resource issues, proposed developments and proposed regulation changes
- Council shall assist the Department in monitoring and revising preserve management plan (AS 41.21.625(e))
- Council may provide feedback on matters for which Division of Parks & Recreation, Division of Forestry & Fire Protection and Alaska Department of Fish & Game are required to seek council input

MR. GEASE proceeded to slide 6, "DNR's Support Role," which read as follows [original punctuation provided]:

The Division of Parks & Outdoor Recreation coordinates and supports the Advisory Council by:

- Issuing public notice for meetings
- Assisting with agendas
- Taking meeting minutes and/or recording meeting
- Posting meeting minutes and/or recording meeting
- Coordinating appointments through Governor's office
- Filling requests for information from DNR

The council has met online since 2020 and the most recent council meeting was November 2022. The May 2023 meeting lacked a quorum.

MR. GEASE continued to slide 7, "which read as follows [original punctuation provided]:

WHAT:

- Sunsets the advisory council; stakeholder input would be received through traditional channels and creation of informal advisory groups

WHY:

- Creates efficiency and establishes single point of contact for preserve management
- Eliminates duplication within state government
- Aligns management activities with those of other parks

FUTURE:

- Management processes don't change - revisions subject to robust public process and multiple input opportunities
- Alaska Department of Fish & Game remains involved in management plan development, associated activities

[2:04:09 PM](#)

MR. GEASE concluded on slide 8, "Future Stakeholder Engagement," which read as follows [original punctuation provided]:

DNR has other important engagement tools:

- Creation of a local citizen advisory board covering the parks in the local region
- Citizen advisory boards assist DNR staff with management and development issues
- Alaska State Parks director appoints members for up to 3-year terms
- Members are representative of multiple user groups
- Currently active boards in Chugach, Juneau, Kachemak Bay, Ketchikan, Kodiak, Mat-Su, Northern Region and Seward

[2:04:47 PM](#)

REPRESENTATIVE SADDLER asked whether dismantling these councils would kick the cost of future management plan revisions down the line.

MR. GEASE explained that when there's an opening for RADS to revise a management plan, its covered through operating costs.

REPRESENTATIVE SADDLER asked whether updating the management plans is "a big lift."

MR. GEASE said it may take two to three years to update the management plan with others taking upwards of eight years.

However, once revised, they tend to stay in place for a long period of time.

[2:06:19 PM](#)

REPRESENTATIVE MEARS said she appreciated the desire to move to less formal and less restrictive processes for these councils to allow for more community input; however, she said she's concerned about the process. She shared her belief that the overwhelming public testimony and concern about these EOs shows that the process has not been followed. She asked Mr. Gease whether the council is supportive of the EO.

MR. GEASE acknowledged that people are often resistant to change. He assured the committee that the Division of Parks and Outdoor Recreation's management would deteriorate without public feedback and emphasized the importance of the citizen advisory boards.

REPRESENTATIVE MEARS said she would be happy to support this change in a future bill when there's buy-in from the effected communities.

[2:09:03 PM](#)

CHAIR MCKAY noted that public testimony on the EOs was heard only in the Senate to save time.

[SSCR 9 was held over.]

SSCR 1-DISAPPROVE EO 124

[2:09:37 PM](#)

CHAIR MCKAY announced that the next order of business would be SENATE SPECIAL CONCURRENT RESOLUTION NO. 1, Disapproving Executive Order No. 124.

[2:10:08 PM](#)

JOSEPH FELKL, Legislative Liaison, Office of the Commissioner, Alaska Department of Fish and Game (ADF&G), said the governor found it to be in the best interest of an efficient administration to transfer from the Board of Game to the Commissioner of ADF&G the authority to prohibit, by regulation, the live capture, possession, transport, or release of native or exotic game or their eggs. In simpler terms, ER 124 would

transfer authority from the board to the department to manage "Alaska's clean list" for pets and livestock. The list is found in regulation and is tied to the board's statutory authority, which would be transferred to the commissioner. If a species does not appear on the list, it may not be imported or possessed as a pet or livestock in Alaska. Proposals to change the clean list are taken up by the Board of Game only during statewide meetings, which occur once every three years. Effectively, EO 124 would allow these proposals to be acted upon more quickly and streamline the process while still allowing for a robust, scientific review to protect Alaska's valuable wildlife populations from contact with nonnative species. He noted that public notice and comment would still be required through the Alaska Administrative Procedures Act instead of the board process. He said the department would not be fiscally impacted by EO 124.

[2:13:38 PM](#)

REPRESENTATIVE SADDLER asked where invasive species are "situated" in state government.

MR. FELKL answered that the invasive species program is managed by the Division of Sport Fish. He pointed out that the Board of Fisheries has a similar statutory authority for "ornamental fish," which would not be transferred by the EO.

[2:14:24 PM](#)

REPRESENTATIVE MCCABE asked whether the Board of Game can change its process to allow for consideration of the clean list annually.

[2:14:35 PM](#)

RYAN SCOTT, Director, Division of Wildlife Conservation, Alaska Department of Fish and Game (ADF&G), shared his belief that it would be difficult because if the board were to make that change, there would be interest in reviewing other regulations on an annual basis.

[2:15:31 PM](#)

REPRESENTATIVE SADDLER asked how many people capture, possess, transport, or release exotic species.

MR. SCOTT said it's "a big deal." He added that it is often about people trying to bring other species into the state.

[2:16:46 PM](#)

CHAIR MCKAY made the following statement:

Let the record reflect that the House Resources [Standing] Committee held a hearing on SSCR 1, 3, 9, and 11, as required by Uniform Rule 49. These resolutions will move on to a joint session if they are scheduled on the calendar for such a session.

HB 222-PERMANENT FUND/AIDEA FUND INVESTMENTS

[2:17:10 PM](#)

CHAIR MCKAY announced that the next order of business would be HOUSE BILL NO. 222, "An Act relating to the Alaska permanent fund and the income and investments of the fund; relating to the permanent fund dividend; and providing for an effective date."

[2:17:55 PM](#)

CODY RICE, Staff, Alaska House Majority, Alaska State Legislature, on behalf of Representative Sumner, noted that using the Alaska Gasline Development Corporation's (AGDC's) most recent assumptions on interest rates would reduce the numbers provided to the committee during the most recent bill hearing. He estimated that equity would be between \$800 million and \$1 billion, and the debt service would fall somewhere between \$120 million and \$230 million on an ongoing basis.

CHAIR MCKAY sought questions from committee members.

[2:19:25 PM](#)

REPRESENTATIVE SADDLER recounted a discussion on the House Floor that referenced an argument made by a former legislator and mayor of Anchorage, Tom Fink, against the permanent fund dividend (PFD). In his argument, Mr. Fink posited that the dividend could be better used to build infrastructure; nonetheless, the dividend was established without a specific investment purpose. He shared his understanding that the bill would "turn that back" by saying the PFD should be a means to finance big capital infrastructure development. He asked how Mr. Rice would reconcile that conflict.

MR. RICE replied that the legislature has the authority to direct [the Alaska Permanent Fund Corporation] and its investments.

[2:20:34 PM](#)

CHAIR MCKAY sought to clarify whether the bill would use part of the PFD or the corpus.

MR. RICE shared his understanding that its not specific about the location.

REPRESENTATIVE MCCABE directed attention to page 1, line 2 and read the title of the bill, "An Act relating to the Alaska permanent fund and the income and investments of the fund; relating to the permanent fund dividend; and providing for an effective date."

MR. RICE confirmed that there are two elements of the bill, one of which affects the PFD based on a recovery for the initial investment amount.

CHAIR MCKAY shared his understanding that the bill would cap the PFD at \$1,000 with anything extra going towards the pipeline.

MR. RICE agreed, citing page 1, Section 2. He reiterated that its up to the legislature in terms of how the equity participation is funded.

CHAIR MCKAY opined that the financial discussion should be had by the House Finance Committee. As such, he made the following statement:

Our focus as the [House Resources Standing Committee] is on resource management policies and as I don't see any objection to bringing our natural gas to the market, I recommend that we allow the [House Finance Committee] to address the financial questions related to this bill.

[2:23:52 PM](#)

The committee took a brief at-ease at 2:23 p.m.

[2:25:15 PM](#)

REPRESENTATIVE RAUSCHER began a motion but read the wrong bill number and identifier information. He subsequently stated, "I strike that motion."

[2:26:08 PM](#)

The committee took a brief at-ease at 2:26 p.m.

[2:26:36 PM](#)

REPRESENTATIVE RAUSCHER moved to report HB 222 out of committee with individual recommendations and the accompanying fiscal notes, and to authorize Legislative Legal Services to make any necessary technical or conforming changes.

[2:27:02 PM](#)

REPRESENTATIVE MEARS objected.

[2:27:44 PM](#)

A roll call vote was taken. Representatives Baker, Rauscher, Armstrong, McCabe, and McKay voted in favor of moving HB 222 out of committee. Representatives Mears voted against it. Therefore, HB 222 was reported from the House Resources Standing Committee by a vote of 5-1.

[2:28:31 PM](#)

The committee took an at-ease from 2:28 p.m. to 2:31 p.m.

HB 223-TAX & ROYALTY FOR CERTAIN GAS

[2:31:03 PM](#)

CHAIR MCKAY announced that the final 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." [Before the committee, adopted as a working document on 2/23/24, was the proposed committee substitute (CS) for HB 223, Version 33-LS0886\S, Nauman, 2/10/24 ("Version S").]

[2:32:18 PM](#)

CHAIR MCKAY moved to adopt Amendment 1 to HB 223, Version S, labeled 33-LS0886\S.9, Nauman 2/29/24, which read as follows:

Page 1, line 1, following "rates":

Insert "and payments"

Page 1, line 13, through page 9, line 31:

Delete all material and insert:

"* **Sec. 2.** AS 38.05.180 is amended by adding new subsections to read:

(mm) Notwithstanding a requirement in the leasing method chosen of a minimum fixed royalty share, for leases issued in the Cook Inlet sedimentary basin, the department shall accept, as complete payment for royalties due to the state, zero in royalties for qualified new gas and 50 percent of the minimum fixed royalty share for qualified new oil, unless payment is lower under another subsection of this section. The royalty reduction in this subsection applies until the earlier of either

(1) 10 years following the commencement of commercial production that begins after July 1, 2024; or

(2) the date on which a commercial quantity of oil or gas produced from the Cook Inlet sedimentary basin is shipped out of the state.

(nn) In (mm) of this section,

(1) "qualified new gas" means gas produced from

(A) a field or pool that the commissioner determines has not previously produced gas for commercial sale before January 1, 2024;

(B) a field or pool that has previously produced gas, but did not produce gas during calendar year 2024;

(C) a well that did not exist on January 1, 2025, if the commissioner determines that production of that gas from the field or pool from an existing well was not economically feasible;

(2) "qualified new oil" means oil produced from

(A) a field or pool that the commissioner determines has not previously produced oil for commercial sale before January 1, 2024;

(B) a field or pool that has previously produced oil, but did not produce oil during calendar year 2024;

(C) a well that did not exist on January 1, 2025, if the commissioner determines that production

of that oil from the field or pool from an existing well was not economically feasible.

* **Sec. 3.** AS 31.05.030(i); AS 38.05.180(f)(5), and 38.05.180(dd) are repealed."

Renumber the following bill section accordingly.

[2:32:23 PM](#)

REPRESENTATIVE RAUSCHER objected for the purpose of discussion.

[2:32:26 PM](#)

ED KING, Staff, Representative Tom McKay, Alaska State Legislature, on behalf of Representative McKay, explained that Amendment 1 would repeal everything except the effective date and the first section of the bill, thereby repealing AS 38.05.180(f)(5), which is the royalty relief provision. The proposed amendment would also allow the state to accept less than its full royalty and forego the deed for an amendment to the lease rather than renegotiating the terms of the contract to reduce the royalty. In addition, the definitions of "new gas" and "new oil" in Version S would be limited to gas and oil sold in state. Furthermore, in the event that a lease is eligible for royalty relief under a different subsection, the lower rate would prevail. He further noted that paragraph (2) on lines 15-16 adds new language to reflect a sunset condition that says if in the future, the state is exporting liquified natural gas (LNG) again, the royalty relief would no longer be necessary. Last, the definition of "qualified new oil" adds a subparagraph that was missing in the previous version.

[2:35:18 PM](#)

REPRESENTATIVE SADDLER referred to paragraph (2) and asked whether its fair to presume that if oil and gas were being commercially delivered outside the state, it would be evidence in itself that the royalty reduction is no longer necessary.

MR. KING answered, "That is correct."

[2:35:52 PM](#)

REPRESENTATIVE RAUSCHER asked to hear from the department on Amendment 1.

[2:36:23 PM](#)

JOHN CROWTHER, Deputy Commissioner, Department of Natural Resources, shared his understanding that Amendment 1 is a "mechanical adjustment" to accomplish the same intent as the committee substitute. He said DNR supports Amendment 1.

[2:37:33 PM](#)

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

[2:37:53 PM](#)

The committee took a brief at-ease at 2:37 p.m.

[2:38:35 PM](#)

REPRESENTATIVE MEARS moved to adopt Amendment 2 to HB 223, Version S, labeled 33-LS0886\S.7, Nauman, 2/20/24, which read as follows:

Page 8, line 30, following "production":
Insert "that begins on or before December 31,
2033,"

[2:38:55 PM](#)

REPRESENTATIVE RAUSCHER objected for the purpose of discussion.

REPRESENTATIVE MEARS explained that Amendment 2 would add a sunset date to avoid losing potential revenue.

[2:40:16 PM](#)

REPRESENTATIVE RAUSCHER asked to hear from the department on Amendment 2.

MR. CROWTHER said DNR does not support Amendment 2 but understands if the committee wishes to adopt different timeframes that it deems appropriate.

[2:41:28 PM](#)

CHAIR MCKAY explained that as the gas well ages, the royalty would increase; however, wells never increase in production at the end of their life. In addition, tax stability is always

being emphasized. For those two reasons, he voiced his opposition to Amendment 2.

REPRESENTATIVE SADDLER observed that Version S has a 10-year limit. He shared his belief that contrary to Representative Mears's assertion that the date of the reduced royalties could extend indefinitely into the future, the legislature could change that in statute. He spoke against the insertion of a hard deadline and said he is disinclined to support Amendment 2.

CHAIR MCKAY said citizens would pay more for gas than what the state would make in revenue from the declining gas wells. Consequently, he opined that the benefit of having low-cost gas energy coming from the Cook Inlet Region far outweighs any revenue that would be gained by a small royalty rate.

[2:44:06 PM](#)

REPRESENTATIVE ARMSTRONG clarified that the bill was expanded to include both oil and gas, so the timeline would impact both.

CHAIR MCKAY said the problem is that wells often produce both oil and gas together; consequently, he asked how a well would be taxed for both commodities.

[2:45:31 PM](#)

REPRESENTATIVE MEARS clarified that as written, royalties would be collected on declining oil production after the first 10 years of a well. In response to Representative Saddler, she said there would be a potential for royalty relief to continue for the next 20 years, as Amendment 2 would place a sunset on wells drilled 11 years from now. She pointed out that if current wells stop producing in 10 years, there is 70 billion cubic feet (Bcf) of gas being produced in the Cook Inlet to meet demand, which is \$80 million per year at 12.5 percent in royalty relief that's unrealized by the state. The bill would support Hilcorp with 20 Bcf per year amounting to \$23 million in gas that they would have produced over the next decade regardless [of the royalty relief].

CHAIR MCKAY reiterated that the goal is to produce low-cost gas from the Cook Inlet to save residents of the Railbelt a significant amount of money that would otherwise go to imported LNG.

[2:48:50 PM](#)

REPRESENTATIVE RAUSCHER maintained his objection.

[2:49:22 PM](#)

A roll call vote was taken. Representatives Mears and Armstrong voted in favor of adopting Amendment 2. Representatives McCabe, Baker, Rauscher, Saddler, and McKay voted against it. Therefore, Amendment 2 failed to be adopted by a vote of 2-5.

[2:50:09 PM](#)

REPRESENTATIVE MEARS moved to adopt Amendment 3 to HB 223, Version S, labeled 33-LS0886\S.3, Nauman, 2/20/24, which read as follows:

Page 1, line 1, following "gas;":

Insert "**relating to transferable oil and gas production tax credit certificates;**"

Page 9, following line 24:

Insert a new bill section to read:

"* **Sec. 5.** AS 43.55.028 is amended by adding a new subsection to read:

(t) The percentage of a transferable tax credit certificate issued under AS 43.55.023(d) or former AS 43.55.023(m) or a production tax credit certificate issued under AS 43.55.025(f) purchased by the department may not exceed the percentage of resident workers in the applicant's workforce in the state in the preceding calendar year, including workers employed by the applicant's contractors. An amount of a credit not purchased because of application of this subsection may be applied against the applicant's tax liability under this chapter. In this subsection, "resident worker" has the meaning given in AS 43.40.092(b)."

Renumber the following bill sections accordingly.

[2:50:42 PM](#)

REPRESENTATIVE RAUSCHER objected for the purpose of discussion.

[2:50:50 PM](#)

REPRESENTATIVE MEARS explained that Amendment 3 makes a title change to the bill to allow for transferable tax credits that encourage local hire and attribute a percentage of tax credit to an applicant's contractors and employees on site.

[2:51:05 PM](#)

REPRESENTATIVE SADDLER stated his objection to Amendment 3 and characterized it as the "poster child" for inconsistent tax policy. He opined that it's not appropriate to predicate tax credits on the rate of hire.

CHAIR MCKAY reported that the rate of local hire in the Alaska oil and gas industry is approximately 80 percent. He surmised that its unconstitutional to demand that "everyone" be an Alaska resident.

[2:52:55 PM](#)

REPRESENTATIVE MEARS [moved to withdraw] Amendment 3. [There being no objection, Amendment 3 was withdrawn.]

[2:53:04 PM](#)

REPRESENTATIVE MEARS moved to adopt Amendment 7 to HB 223, Version S, labeled 33-LS0886\S.1, Nauman, 2/20/24, which read as follows:

Page 1, line 1, following "gas;":

Insert "relating to disclosure of information related to oil and gas production taxes;"

Page 9, following line 24:

Insert new bill sections to read:

"* **Sec. 5.** AS 43.55.890 is amended to read:

Sec. 43.55.890. Disclosure of tax information.

Notwithstanding any contrary provision of AS 40.25.100 **or AS 43.05.230**, [AND REGARDLESS OF WHETHER THE INFORMATION IS CONSIDERED UNDER AS 43.05.230(E) TO CONSTITUTE STATISTICS CLASSIFIED TO PREVENT THE IDENTIFICATION OF PARTICULAR RETURNS OR REPORTS,] the department **shall make publicly available** [MAY PUBLISH] the following information under this chapter, [IF AGGREGATED AMONG THREE OR MORE PRODUCERS OR EXPLORERS,] showing by month or calendar year and by lease or property, unit, or area of the state:

(1) the amount of oil or gas production;

- (2) the amount of taxes levied under this chapter or paid under this chapter;
- (3) the effective tax rates under this chapter;
- (4) the gross value of oil or gas at the point of production;
- (5) the transportation costs for oil or gas;
- (6) qualified capital expenditures, as defined in AS 43.55.023;
- (7) exploration expenditures under AS 43.55.025;
- (8) production tax values of oil or gas under AS 43.55.160;
- (9) lease expenditures under AS 43.55.165;
- (10) adjustments to lease expenditures under AS 43.55.170;
- (11) tax credits applicable or potentially applicable against taxes levied by this chapter.

* **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. AS 43.55.890, as amended by sec. 5 of this Act, applies to information collected on or after the effective date of sec. 5 of this Act."

Renumber the following bill sections accordingly.

[2:53:21 PM](#)

REPRESENTATIVE RAUSCHER objected.

[2:53:59 PM](#)

REPRESENTATIVE MEARS explained that Amendment 7 requires physical transparency by making disclosure of tax information publicly available.

REPRESENTATIVE SADDLER asked how often the Division of Oil & Gas exercises the discretion to release confidential information.

[2:55:49 PM](#)

MR. CROWTHER responded that DNR regularly publishes this kind of information pursuant to the terms of current law, which prevents individual or corporate information from being disclosed. He expressed concern that releasing that kind of particularized

data could result in significant exposure to corporate and commercial information.

[2:57:36 PM](#)

DEREK NOTTINGHAM, Director, Division of Oil & Gas, Department of Natural Resources, agreed that the individualized release of that information exposes those entities to competitive information being released publicly.

REPRESENTATIVE SADDLER asked whether companies would be more or less likely to invest if their competitive information was made public.

MR. CROWTHER responded that it would be a key change to the operational environment of Alaska. Operators would have to carefully assess what information would be submitted to the department.

[2:59:13 PM](#)

REPRESENTATIVE ARMSTRONG sought to confirm that Amendment 7 would put Alaska in compliance with the way that disclosures are handled in Texas and North Dakota.

MR. CROWTHER said he could not confirm the treatment of tax or commercial information in either state.

REPRESENTATIVE ARMSTRONG referenced the Texas Report on Natural Gas Tax and pointed out that Texas is not considered a fragile jurisdiction like Alaska, has a well-endowed university, and does not have income tax. She shared her belief that Amendment 7 would be hugely beneficial to Alaska, and she posited that citizens of both Texas and North Dakota have benefited from the availability of this information as well.

[3:01:10 PM](#)

REPRESENTATIVE MCCABE said he might be inclined to support Amendment 7 if there were a grandfather clause for entities already established in Alaska. He asked whether this is another "thinly veiled" attempt to access Hilcorp's data that it refuses to provide.

REPRESENTATIVE MEARS responded that Amendment 7 is an honest and vigorous attempt to understand the largest business in Alaska.

REPRESENTATIVE MCCABE said he would not be supporting Amendment 7 because it's unfair to target one company.

CHAIR MCKAY reiterated that the intent of the bill is to incentivize gas production in Cook Inlet and opined that requiring "the opening of books" would be a disincentive.

[3:03:40 PM](#)

REPRESENTATIVE RAUSCHER maintained his objection to Amendment 7.

[3:04:21 PM](#)

A roll call vote was taken. Representatives Mears and Armstrong voted in favor of adopting Amendment 7. Representatives McCabe, Baker, Rauscher, Saddler, and McKay voted against it. Therefore, Amendment 7 failed to be adopted by a vote of 2-5.

[3:05:22 PM](#)

CHAIR MCKAY announced that HB 223, Versions S, [as amended], was held over.

[3:05:36 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 3:05 p.m.