

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

April 8, 2024

1:03 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

OTHER MEMBERS PRESENT

Representative Louise Stutes

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."

- MOVED CSHB 359 (RES) OUT OF COMMITTEE

HOUSE BILL NO. 393

"An Act relating to oil and gas leases and royalty shares; and providing for an effective date."

- MOVED HB 393 OUT OF COMMITTEE

CS FOR HOUSE BILL NO. 195 (FSH)

"An Act relating to the powers of the Alaska Commercial Fisheries Entry Commission; relating to administrative areas for regulation of certain commercial set net entry permits; establishing a buy-back program for certain set net entry permits; providing for the termination of state set net tract

leases under the buy-back program; closing certain water to commercial fishing; and providing for an effective date."

- HEARD & HELD

CS FOR HOUSE BILL NO. 251(L&C)

"An Act exempting certain foods and drinks prepared in a person's uninspected home kitchen from state labeling, licensing, packaging, permitting, and inspection requirements; and permitting a person to acquire meat from a producer by way of an ownership share in an animal if certain conditions are met."

- HEARD & HELD

CS FOR HOUSE BILL NO. 329(FSH)

"An Act relating to state tideland leases; and relating to aquatic farming or related hatchery operation site leases."

- HEARD & HELD

HOUSE BILL NO. 349

"An Act relating to leases of public land for renewable energy projects; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

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
03/01/24	(H)	Heard & Held
03/01/24	(H)	MINUTE(RES)
03/08/24	(H)	RES AT 1:00 PM BARNES 124
03/08/24	(H)	Heard & Held
03/08/24	(H)	MINUTE(RES)
03/15/24	(H)	RES AT 1:00 PM BARNES 124
03/15/24	(H)	<Bill Hearing Canceled>
03/25/24	(H)	RES AT 1:00 PM BARNES 124
03/25/24	(H)	Heard & Held
03/25/24	(H)	MINUTE(RES)
03/27/24	(H)	RES AT 1:00 PM BARNES 124

03/27/24 (H) <Bill Hearing Canceled>
 04/03/24 (H) RES AT 1:00 PM BARNES 124
 04/03/24 (H) Scheduled but Not Heard
 04/05/24 (H) RES AT 1:00 PM BARNES 124
 04/05/24 (H) Failed to Move Out of Committee
 04/05/24 (H) MINUTE(RES)
 04/08/24 (H) RES AT 1:00 PM BARNES 124

BILL: HB 393

SHORT TITLE: COOK INLET/MIDDLE EARTH GAS ROYALTIES
 SPONSOR(S): RESOURCES

03/18/24 (H) READ THE FIRST TIME - REFERRALS
 03/18/24 (H) RES, FIN
 04/01/24 (H) RES AT 1:00 PM BARNES 124
 04/01/24 (H) <Bill Hearing Rescheduled to 04/03/24>
 04/03/24 (H) RES AT 1:00 PM BARNES 124
 04/03/24 (H) Heard & Held
 04/03/24 (H) MINUTE(RES)
 04/05/24 (H) RES AT 1:00 PM BARNES 124
 04/05/24 (H) Failed to Move Out of Committee
 04/05/24 (H) MINUTE(RES)
 04/08/24 (H) RES AT 1:00 PM BARNES 124

BILL: HB 195

SHORT TITLE: COOK INLET: NEW ADMIN AREA;PERMIT BUYBACK
 SPONSOR(S): RUFFRIDGE

05/08/23 (H) READ THE FIRST TIME - REFERRALS
 05/08/23 (H) FSH, RES
 02/06/24 (H) FSH AT 10:00 AM GRUENBERG 120
 02/06/24 (H) Heard & Held
 02/06/24 (H) MINUTE(FSH)
 02/13/24 (H) FSH AT 10:00 AM GRUENBERG 120
 02/13/24 (H) Heard & Held
 02/13/24 (H) MINUTE(FSH)
 02/27/24 (H) FSH AT 10:00 AM GRUENBERG 120
 02/27/24 (H) <Bill Hearing Canceled>
 03/14/24 (H) FSH AT 10:00 AM GRUENBERG 120
 03/14/24 (H) -- MEETING CANCELED --
 03/19/24 (H) FSH AT 10:00 AM GRUENBERG 120
 03/19/24 (H) <Bill Hearing Canceled>
 03/21/24 (H) FSH AT 10:00 AM GRUENBERG 120
 03/21/24 (H) -- MEETING CANCELED --
 03/26/24 (H) FSH AT 10:00 AM GRUENBERG 120
 03/26/24 (H) Heard & Held
 03/26/24 (H) MINUTE(FSH)

04/02/24 (H) FSH AT 10:00 AM GRUENBERG 120
04/02/24 (H) Moved CSHB 195(FSH) Out of Committee
04/02/24 (H) MINUTE(FSH)
04/03/24 (H) FSH RPT CS(FSH) NEW TITLE 3DP 1NR 2AM
04/03/24 (H) DP: CARPENTER, STUTES, VANCE
04/03/24 (H) NR: HIMSCHOOT
04/03/24 (H) AM: MCCORMICK, MCCABE
04/08/24 (H) RES AT 1:00 PM BARNES 124

BILL: HB 251

SHORT TITLE: EXEMPTIONS FOR HOMEMADE FOODS

SPONSOR(s): RAUSCHER

01/16/24 (H) PREFILE RELEASED 1/12/24
01/16/24 (H) READ THE FIRST TIME - REFERRALS
01/16/24 (H) L&C, RES
02/02/24 (H) L&C AT 3:15 PM BARNES 124
02/02/24 (H) <Bill Hearing Rescheduled to 02/05/24>
02/05/24 (H) L&C AT 3:15 PM BARNES 124
02/05/24 (H) Heard & Held
02/05/24 (H) MINUTE(L&C)
02/14/24 (H) L&C AT 3:15 PM BARNES 124
02/14/24 (H) Scheduled but Not Heard
02/21/24 (H) L&C AT 3:15 PM BARNES 124
02/21/24 (H) -- MEETING CANCELED --
03/15/24 (H) L&C AT 3:15 PM BARNES 124
03/15/24 (H) -- MEETING CANCELED --
03/27/24 (H) L&C AT 3:15 PM BARNES 124
03/27/24 (H) Moved CSHB 251(L&C) Out of Committee
03/27/24 (H) MINUTE(L&C)
03/28/24 (H) L&C RPT CS(L&C) NEW TITLE 2DP 5NR
03/28/24 (H) DP: RUFFRIDGE, SUMNER
03/28/24 (H) NR: CARRICK, FIELDS, SADDLER, PRAX,
WRIGHT
04/08/24 (H) RES AT 1:00 PM BARNES 124

BILL: HB 329

SHORT TITLE: AQUATIC FARM AND HATCHERY LEASES

SPONSOR(s): VANCE

02/15/24 (H) READ THE FIRST TIME - REFERRALS
02/15/24 (H) FSH, RES
02/27/24 (H) FSH AT 10:00 AM GRUENBERG 120
02/27/24 (H) <Bill Hearing Canceled>
03/05/24 (H) FSH AT 10:00 AM GRUENBERG 120
03/05/24 (H) <Bill Hearing Canceled>
03/07/24 (H) FSH AT 10:00 AM GRUENBERG 120

03/07/24 (H) Heard & Held
03/07/24 (H) MINUTE(FSH)
03/14/24 (H) FSH AT 10:00 AM GRUENBERG 120
03/14/24 (H) -- MEETING CANCELED --
03/19/24 (H) FSH AT 10:00 AM GRUENBERG 120
03/19/24 (H) <Bill Hearing Rescheduled to 03/21/24>
03/21/24 (H) FSH AT 10:00 AM GRUENBERG 120
03/21/24 (H) -- MEETING CANCELED --
03/26/24 (H) FSH AT 10:00 AM GRUENBERG 120
03/26/24 (H) Moved CSHB 329(FSH) Out of Committee
03/26/24 (H) MINUTE(FSH)
03/28/24 (H) FSH RPT CS(FSH) NEW TITLE 6DP
03/28/24 (H) DP: C.JOHNSON, HIMSCHOOT, CARPENTER,
STUTES, MCCABE, VANCE
03/28/24 (H) FIN REFERRAL ADDED AFTER RES
04/08/24 (H) RES AT 1:00 PM BARNES 124

WITNESS REGISTER

REPRESENTATIVE JUSTIN RUFFRIDGE

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As the prime sponsor, presented HB 195 via a PowerPoint presentation, titled "HB 195: East Side of Cook Inlet Set Net Fleet Reduction Act."

GLENN HAIGHT, Commissioner
Commercial Fisheries Entry Commission
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing of HB 195.

RYAN MCKEE, Staff
Representative George Rauscher
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 251 on behalf of Representative Rauscher, prime sponsor.

CRYSTAL KOENEMAN, Legislative Liaison
Department of Environmental Conservation
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 251.

REPRESENTATIVE SARAH VANCE
Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: As the prime sponsor, presented HB 329.

PAUL FUHS, President
Alaska Shellfish Growers Association
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 329.

JAKE ALMEIDA, Staff
Representative Sarah Vance
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 329, on behalf of Representative Vance, prime sponsor.

KATE DUFAULT, Program Manager
Aquatic Farms Leasing Program
Division of Mining, Land, and Water
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 392.

ACTION NARRATIVE

[1:03:52 PM](#)

CHAIR MCKAY called the House Resources Standing Committee meeting to order at 1:03 p.m. Representatives Dibert, Mears, Armstrong, Wright, Baker, McCabe, Rauscher, and McKay were present at the call to order. Representative Saddler arrived as the meeting was in progress.

HB 359-ONE-TIME PFD PAYMENT

[1:06:22 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." [Before the committee, adopted on 3/25/24 as a working document, was the proposed committee substitute (CS) for HB 359, Version 33-LS1292\B, Nauman, 3/15/24, ("Version B").]

[1:06:33 PM](#)

CHAIR MCKAY moved to rescind the committee's action on 4/5/24 in failing to report CSHB 359, Version 33-LS1292\B, Nauman, 3/15/24, out of committee. There being no objection, Version B was once again before the committee.

[1:07:03 PM](#)

REPRESENTATIVE RAUSCHER moved to report CSHB 359, Version 33-LS1292\B, Nauman, 3/15/24 out of committee with individual recommendations and the accompanying fiscal notes.

[1:07:22 PM](#)

REPRESENTATIVE MEARS called a point of order. She requested the short title of the proposed bill.

[1:07:49 PM](#)

The committee took an at-ease from 1:07 p.m. to 1:08 p.m.

[1:08:55 PM](#)

CHAIR MCKAY asked if there was an objection.

[1:09:03 PM](#)

REPRESENTATIVE MEARS objected.

[1:09:21 PM](#)

REPRESENTATIVE RAUSCHER objected for the purpose of discussion. He clarified that the vote would be to move the proposed legislation out of the House Resources Standing Committee and to the House Finance Standing Committee, where further work would need to be done.

[1:10:09 PM](#)

A roll call vote was taken. Representatives Baker, Rauscher, Saddler, Wright, McCabe, and McKay voted in favor of the motion to report CSHB 359, Version 33-LS1292\B, Nauman, 3/15/24 out of committee with individual recommendations and the accompanying fiscal notes. Representatives Armstrong, Mears, and Dibert voted against it. Therefore, CSHB 359(RES) was reported out of the House Resources Standing Committee by a vote of 6-3.

[1:11:02 PM](#)

The committee took an at-ease from 1:11 p.m. to 1:12 p.m.

HB 393-COOK INLET/MIDDLE EARTH GAS ROYALTIES

[1:12:35 PM](#)

CHAIR MCKAY announced that the next order of business would be HOUSE BILL NO. 393, "An Act relating to oil and gas leases and royalty shares; and providing for an effective date."

[1:12:46 PM](#)

CHAIR MCKAY moved to rescind the committee's action on 4/5/24 in failing to report HB 393 out of committee. There being no objection, HB 393 was once again before the committee.

[1:13:07 PM](#)

REPRESENTATIVE RAUSCHER moved to report HB 393 out of committee with individual recommendations and the accompanying fiscal notes.

[1:13:27 PM](#)

REPRESENTATIVE MEARS objected.

[1:13:44 PM](#)

A roll call vote was taken. Representatives McCabe, Baker, Rauscher, Saddler, Wright, and McKay voted in favor of the motion to report HB 393 out of committee with individual recommendations and the accompanying fiscal notes. Representatives Armstrong, Mears, and Dibert voted against it. Therefore, HB 393 was reported out of the House Resources Standing Committee by a vote of 6-3.

[1:14:32 PM](#)

The committee took an at-ease from 1:14 p.m. to 1:15 p.m.

HB 195-COOK INLET: NEW ADMIN AREA;PERMIT BUYBACK

[1:15:20 PM](#)

CHAIR MCKAY announced that the next order of business would be HOUSE BILL NO. 195, "An Act relating to the powers of the Alaska Commercial Fisheries Entry Commission; relating to administrative areas for regulation of certain commercial set net entry permits; establishing a buy-back program for certain set net entry permits; providing for the termination of state set net tract leases under the buy-back program; and providing for an effective date." [Before the committee was CSHB 195(FSH).]

[1:16:05 PM](#)

REPRESENTATIVE JUSTIN RUFFRIDGE, Alaska State Legislature, as prime sponsor, presented HB 195 via a PowerPoint presentation, titled, "HB 195: East Side of Cook Inlet Set Net Fleet Reduction Act" [hard copy included in the committee packet].

[1:16:36 PM](#)

The committee took an at-ease from 1:16 p.m. to 1:18 p.m.

[1:18:03 PM](#)

REPRESENTATIVE RUFFRIDGE displayed a map of the Upper Cook Inlet management area on slide 2, which showed the multiple management areas in Cook Inlet. He stated that the proposed legislation would seek to adjust the number of nets in the water in the area just past Nikiski for 60 miles, which includes both the Kenai and Kasilof Rivers. He stated that this would be done by reducing the permits, with the ideal number being 79 to 106 permits, as seen on slide 3. He noted that there are around 440 permits registered in this district. He noted that the fishery has been closed for the past few years because there are too many nets in the water.

REPRESENTATIVE RUFFRIDGE moved to slide 4 and discussed the program that the proposed legislation would implement. He stated that a framework would be created to allow for a buyback program. To do this there would need to be a permit holder vote. He noted that if the vote opts for the program, it would be a voluntary program. He pointed out the value of the permits in the buyback would be determined by the money raised, divided by the number of permits. He stated that the Commercial Fisheries Entry Commission (CFEC) would handle much of the buyback program.

[1:22:33 PM](#)

REPRESENTATIVE RUFFRIDGE moved to slide 5 and stated that this issue has been ongoing, but legislation has not moved in the past because there has been a question of the funding. He noted that the proposed legislation would not require the use of state funds, as the user group and CFEC has sought funding from federal grants, the National Oceanic and Atmospheric Administration (NOAA) Fishing Capacity Reduction Program, and private sourcing. He moved to slide 6 and summarized HB 195.

[1:25:20 PM](#)

REPRESENTATIVE RUFFRIDGE presented the sectional analysis for HB 195 [copy included in the committee packet], which read as follows [original punctuation provided]:

Section 1 Amends the uncodified law of the State of Alaska by adding a new section which establishes that this legislation may be known as the East Side of Cook Inlet Set Net Fleet Reduction Act.

Section 2 Amends the uncodified law of the State of Alaska by adding new Legislative findings and intent relating to the bill.

Section 3 Amends AS 16.43.200 by adding 2 new subsections:

(c) Establishes an area of the Upper Subdistrict of the Cook Inlet Central District as a distinct administrative area separate from the Cook Inlet Central District on December 31, 2024. This area is made up of the statistical areas identified on January 1, 2024, as 244-21, 244-22, 244-31, 244-32, 244-41 and 244-42.

(d) Provides that an individual who has a set net permit for the Cook Inlet Central District on December 31, 2024, is not entitled to set net in the administrative area created under this section as of January 1, 2024 unless the permit has been reassigned to that new administrative area.

Section 4 Amends the uncodified law of the State of Alaska by adding a new section which provides how the commission will determine whether an individual who holds a set net entry permit in the Cook Inlet Central District on January 1, 2024 is reassigned an entry permit for the administrative area established under

AS 16.43.200(c) (added by sec. 3 of the bill) or the portion of the Cook Inlet Central District that was not assigned into the administrative area established under AS 16.43.200(c).

Section 5 Amends the uncodified law of the State of Alaska by adding a new section which defines the appeals process in the new administrative area. This section provides that a provisional license will be issued pending resolution of an appeal and the provisional permit holder may cast a provisional ballot in the election established under section 6. Rep.justin.ruffridge@akleg.gov

Section 6 Amends the uncodified law of the State of Alaska by adding a new section which requires on April 1, 2025, an election be conducted by the commission among persons holding permits in the new administrative area, to affirm support or opposition to a buy-back program. Requires the commission provide public notice of the election, hold public meetings concerning the election, and clarify the details of the buy-back program to those participating in the election.

Section 7 Amends the uncodified law of the State of Alaska by adding a new section which establishes the set net entry permit buy-back program for certain permits fished in the administrative area established under AS 16.43.200(c) (added by sec. 3 of the bill). This section will only take effect if approved in an election by the set net entry permit holders in the administrative area established under AS 16.43.200(c). If it is approved, the buyback program will become law 30 days following notification of the Lt. Governor (see secs. 9 and 11). Sets qualifications for participation in the program and allows the commission to determine the amount for which to buy back an entry permit by dividing the money allotted by the qualified applicants. It also requires that the purchased permits be cancelled and not re-issued and specifies other details of the buy-back program.

Section 8 Amends the uncodified law of the State of Alaska by adding a new section which requires the commission to provide a written report to the

Legislature on the status of the program not later than January 15, 2031.

Section 9 Amends the uncodified law of the State of Alaska by adding a new section which requires the chair of the commission to notify the Lieutenant Governor and the Revisor of Statutes of the outcome of the election held under section 6.

Section 10 Repeals sections 1, 2, 7 and 8 on June 30, 2031.

Section 11 Amends the uncodified law of the State of Alaska by adding a new section which provides that secs. 1, 2, 7, and 8 take effect only if notice is provided under section 9 that the buy-back program established under section 7 was approved.

Section 12 Effective Date Clause. Section 4 of the bill takes effect January 1, 2025.

Section 13 Effective Date Clause. Provides if sections 1, 2, 7 and, 8, take effect under section 11, they take effect 30 days following the date of the notice provided in section 9 that the buy-back program was approved.

Section 14 Effective Date Clause. Except as provided in sections 12 and 13, the bill takes effect July 1, 2024.

[1:30:02 PM](#)

REPRESENTATIVE SADDLER referred to Section 7 and questioned how the buyback amount would be determined. He expressed the understanding that whatever money is available would be divided out on a prorated basis to the qualified and self-nominating applicants.

REPRESENTATIVE RUFFRIDGE expressed agreement with the explanation. In response to a follow-up question, he stated that the proposed legislation would not create a fund, rather it would create the framework for a buyback program. He discussed the original version of the bill, which would have created a lottery system for the buyback. He stated that the price in that version of the bill was \$260,000 per permit. He expressed the opinion that the change made by the previous committee of

referral has made the language vague. Because of the change, he explained that the amount of money the program receives would be divided by participants; therefore, a fund would not be created.

REPRESENTATIVE SADDLER clarified that the proposed legislation would not appropriate money to buyback permits, but it would set up the process to do this. He questioned where the funds would come from.

REPRESENTATIVE RUFFRIDGE explained that in working through versions of the bill over the years, the state's federal delegation has made requests, and there has been "an expression of support for funding a buyback using federal funds." He added that these funds currently do not exist. He expressed the opinion that the framework would need to be created before funding would be put forth. He noted that there has been federal disaster relief funding for this fishery. In response to a follow-up question on private sourcing, he stated that this would be from conservation groups to preserve habitat and the spawning capacity for Chinook salmon.

[1:36:34 PM](#)

REPRESENTATIVE MEARS voiced the belief that the issue is complex, with a long history. She expressed the understanding that the amount of sockeye salmon returning up the river would support a commercial fishery; however, there is a severe limit in fishing because of the low numbers of Chinook salmon returns. She expressed the understanding that the proposed legislation would reduce the number of permit holders by around three quarters. She added that CFEC would be directing this permit reduction.

REPRESENTATIVE RUFFRIDGE responded that this summary is mostly correct. He stated that the proposed legislation would make a policy decision, but the decisions of who can fish and where they can fish would be management decisions. He added that the legislature granted the authority for others to make the management decisions. He continued that the management has decided to prioritize the Chinook salmon fishery and return, and there has been discussion on whether this is the correct management decision. He noted the optimization study by CFEC and pointed out that in the past there had been a management decision which resulted in over permitting these areas. He stated that the policy call for the legislature is whether it should help reduce the number of permits through a buyback. In response to a follow-up, he confirmed Representative Mears's

understanding of the issue. He added that if the permits are bought back, there would be no guarantee that the remaining permit holders would be allowed to fish.

1:40:46 PM

REPRESENTATIVE SADDLER discussed supply and demand in relation to the management of the fishery. He suggested that supply has been delegated to the Board of Fish to determine, while the demand side would be determined by CFEC with the number of permits. He questioned whether there has been an attempt to manage the supply side, as opposed to the proposed legislation addressing the demand side.

REPRESENTATIVE RUFFRIDGE clarified that the Board of Fish is prioritizing the return of Chinook salmon in the effected rivers, while commercial fishing in the area is targeting sockeye salmon. He added that sockeye have been returning in record numbers. He commented that this has been referred to as "fish wars" on the Kenai River. He described some of the strategies that have been applied to gear reduction concerning the length and depth of nets. He noted that a study was done to see if the gear reduction effected the Chinook salmon; however, up to this point data has shown that Chinook have not been effected by gear reduction. He noted that Chinook salmon levels in the Kenai River is reaching a dire status.

REPRESENTATIVE SADDLER questioned whether the optimum number study is defined in statute.

REPRESENTATIVE RUFFRIDGE deferred to CFEC.

1:45:17 PM

GLENN HAIGHT, Commissioner, Alaska Commercial Fisheries Entry Commission, expressed agreement that the issue is complex.

CHAIR MCKAY warned the committee to not go into the details of fishery management, as this would be outside of the scope of HB 195.

COMMISSIONER HAIGHT referred to the report, titled "Findings and Results from a Modified Optimum Numbers Study on the Cook Inlet Eastside Set Gillnet Fishery," [copy included in the committee packet]. He pointed to page 14 and discussed the sockeye return in the Kenai River, noting that the runs dramatically increased in the 1980s. He stated that because of this the Board of Fish

began requiring registration in subdistricts; therefore, the mobility of these harvesters became limited. He noted that the sockeye harvest has fallen over the last several years. He referred to the chart on page 25 and pointed out that the time harvesters can fish has also decreased. He explained that management in the area is now being determined by the combination of Chinook salmon conservation and shorter fishing periods. He stated that the information on the optimum number of permits is summarized on page 31, but a definitive optimum number has not been given. The main variables on the optimum number are price and volume, as seen on the chart. He noted that the volume of the resource is "fine," but because of management changes and Chinook salmon, the amount of fish that can be harvested has declined. On the chart, he pointed out where certain prices and certain volumes intersect to create the range of the number of permits that could make a minimal profit. He expressed uncertainty whether the proposed buyback would increase the harvest, noting that "it looks like a pretty dismal situation for these folks."

[1:49:18 PM](#)

REPRESENTATIVE BAKER commented that from his understanding as a subsistence fisherman in Kotzebue, the supply is the demand. He noted that escapement is what limits the areas that can be fished. He concurred that this issue is very complicated.

[1:50:40 PM](#)

CHAIR MCKAY announced that HB 195 was held over.

HB 251-EXEMPTIONS FOR HOMEMADE FOODS

[1:50:52 PM](#)

CHAIR MCKAY announced that the next order of business would be HOUSE BILL NO. 251, "An Act relating to the Board of Agriculture and Conservation; relating to loans and limitations under the Alaska Agricultural Loan Act; exempting certain foods and drinks prepared in an uninspected kitchen from state labeling, licensing, packaging, permitting, and inspection requirements; permitting a person to acquire meat from a producer by way of an ownership share in an animal if certain conditions are met; and providing for an effective date." [Before the committee was CSHB 251(L&C).]

[1:51:52 PM](#)

RYAN MCKEE, Staff, Representative George Rauscher, Alaska State Legislature, on behalf of Representative Rauscher, prime sponsor, presented CSHB 251(L&C). He stated that the proposed legislation would address food security in the state, which has become a bigger issue since the COVID-19 pandemic. He stated that the proposed legislation would allow local producers to sell homegrown or farmed food to informed consumers.

MR. MCKEE presented the sectional analysis for CSHB 251(L&C) [copy included in the committee packet], which read as follows, [original punctuation provided]:

Section 1 amends AS 17.20 to create a new article titled "Homemade Food; Animal Shares" consisting of four new sections:

AS 17.20.332 (exemption statute): This section creates an exemption for the purchase and sale of homemade food products for home consumption and provides applicable restrictions or limitations on transaction requirements, food ingredients, and labeling or signage requirements.

AS 17.20.334 (animal shares): This section establishes conditions and requirements of animal share operations in statute, which would allow the sharing of meat and meat products by individuals participating in a herd share arrangement.

AS 17.20.336 (relationship to other laws): This section contains clarifications to the bill, including that the Department retains its investigative and regulatory powers, and the bill does not change state requirements for brand or animal health inspection, that state agencies may provide assistance, consultation or guidance at the request of the producer, that the bill shall not be construed as more restrictive than applicable federal requirements, and the bill does not affect any federal or local laws.

AS 17.20.338 (definitions): This section contains definitions applicable to 17.20.332-17.20.338.

MR. MCKEE paraphrased the explanation of changes for CSHB 251(L&C) [copy included in the committee packet], which read as follows [original punctuation provided]:

Article 7aSection 17.20.332 Exemption for homemade food: This section adds or removes language to some sections to make it more specific to the intentions of the legislation.

Page 1 lines 8-11 and adds a new language on page 1 line 13 clarifying that the sale of homemade foods is only for personal consumption.

Page 2 subsection c, language following "commercial food establishment" was removed.

Page 2 subsection d lines 16 and 17 was removed Page 2 subsections f & g lines 3-14 were removed

Page 2 subsections h & I were reworded creating 2 clear things a seller must do before selling unpackaged homemade food

Page 4 lines 24- page 5 line 9 changes the wording on the relationship to other laws

Section 17.20.338

Changes were made to the various definitions and number 6 was removed

[1:56:23 PM](#)

REPRESENTATIVE SADDLER requested clarification on the version addressed by the explanation of changes.

MR. MCKEE stated that these changes were made to Version A to create Version U. In response to a follow-up question, he clarified that the sectional analysis was for Version A.

REPRESENTATIVE SADDLER pointed out that many foods would be eliminated, as listed on page 2 of the proposed legislation. He questioned the food that would be included.

[1:57:51 PM](#)

CRYSTAL KOENEMAN, Legislative Liaison, Department of Environmental Conservation (DEC), answered questions on CSHB 251(L&C). She responded that the bill would include all other food, such as eggs, breads, cheeses, cakes, and jams.

CHAIR MCKAY questioned whether DEC supports the proposed legislation.

MS. KOENEMAN responded that the sponsor has worked closely with DEC on the current version of the bill; therefore, the department does support this.

[1:59:10 PM](#)

CHAIR MCKAY announced that CSHB 251(L&C) was held over.

HB 329-AQUATIC FARM AND HATCHERY LEASES

[1:59:14 PM](#)

CHAIR MCKAY announced that the final order of business would be HOUSE BILL NO. 329, "An Act relating to state tideland leases; relating to geoduck seed transfers; and relating to aquatic farming or related hatchery operation site leases." [Before the committee was CSHB 329(FSH).]

[1:59:41 PM](#)

The committee took an at-ease from 1:59 p.m. to 2:03 p.m.

[2:03:37 PM](#)

REPRESENTATIVE SARAH VANCE, Alaska State Legislature, as prime sponsor, presented CSHB 329(FSH). She paraphrased from the sponsor statement [copy included in the committee packet], which read as follows [original punctuation provided]:

House Bill 329 promises to provide a significant boost to Alaska's aquatic farming industry, known as mariculture. This legislation has the potential to bolster the state's economy, help preserve its environment, and enrich its coastal communities by streamlining the tideland lease process and extending lease durations to up to 25 years.

Mariculture, the cultivation of marine shellfish and aquatic plants, stands as a beacon of sustainable economic growth for Alaska. Mariculture not only generates employment opportunities across various sectors but also injects vitality into coastal communities. The industry fosters commerce, both

domestically and internationally, while nurturing a vibrant ecosystem in Alaska's pristine waters.

One of the key features of HB 329 is the simplification of the lease acquisition process. Currently, prospective mariculturists endure a lengthy multi-agency application and review process which generally takes years to complete. This bureaucratic hurdle often deters potential farmers from entering the industry. HB 329 aims to lessen this burden by enabling quicker access to tidelands, enabling farmers to concentrate more on farming and less on paperwork.

Moreover, the extension of the lease duration to 25 years provides for long-term stability for mariculturists and encourages sustained investment in the industry. This stability is crucial for the development of robust mariculture operations, which contribute significantly to Alaska's economic diversification.

The environmental benefits of mariculture are also noteworthy. Shellfish and seaweed play a vital role in maintaining water quality by filtering out pollutants and excess nutrients. They provide essential habitat for diverse marine life and help mitigate ocean acidification—a pressing concern.

Furthermore, mariculture aligns with Alaska's rich cultural heritage, complementing existing traditions and customs in coastal communities. By promoting the sustainable utilization of marine resources, mariculture strengthens the bond between Alaskans and their natural surroundings.

With HB 329 paving the way for a more supportive regulatory framework, Alaska's mariculture industry is poised to flourish, creating jobs, stimulating commerce, and safeguarding the state's precious marine ecosystems. As stakeholders rally behind this initiative, Alaska's coastal communities stand to reap the benefits of a thriving and sustainable mariculture sector for generations to come.

[2:06:46 PM](#)

REPRESENTATIVE VANCE pointed out that the Alaska Mariculture Alliance is an organization of growers, and the organization has requested that the proposed legislation provide a first preference for growers to obtain leases. She explained that currently leases are made for 10 years, but it takes several years for farmers to see a harvest; therefore, this would allow farmers first preference after their leases are up, giving them the assurance that sites would not be lost. It would also allow new leases to be up to 20 years, as this would allow for longevity of the farms. She added that having longer leases would help these farmers to obtain loans.

REPRESENTATIVE VANCE referenced the amendments that were adopted in the House Special Committee on Fisheries, including a provision to allow for the transfer of geoduck seeds between hatcheries and aquatic farms. She added that the amendment also includes the Aleutian Islands in the proposed legislation, as it had been left out of the original law. She added that geoducks thrive in this area. She noted that another amendment that was adopted would eliminate the need for property appraisals, as this would simplify the process for the commissioner. She discussed how this would also consolidate language in the statute.

REPRESENTATIVE VANCE directed attention to Section 4 of the proposed legislation, which deals with leases for carbon management purposes. She stated that aquatic farm growers have the concern that outside companies looking to invest in carbon sequestration would lease tidelands for an extended period, leaving the growers without the opportunity to access these areas. She suggested that an amendment could be made to limit the amount of tidelands these outside investors could lease. She expressed the understanding that there is interest in growing kelp for carbon sequestration, so there could be a dual purpose, as part of this could be for food. She posed the question to the committee on how this area of statute could be shaped going forward, so Alaskan mariculture farmers would be allowed to have a priority to tidelands to grow food and sustain the coastal communities. She also asked what areas of tidelands could be used solely for carbon sequestration. She noted that a prospective amendment has been used as a placeholder for this committee to discuss, as the committee deals with leases on a more regular basis.

[2:12:22 PM](#)

PAUL FUHS, President, Alaska Shellfish Growers Association, expressed support for the proposed legislation, on behalf of the association. He stated that the bill would clean up unforeseen issues in statute, as mariculture is a relatively new industry. He discussed the long maturation rate for geoducks, as a 10-year lease would be too short for this process. He noted that the current lease process creates an unstable industry.

[2:13:26 PM](#)

REPRESENTATIVE MEARS requested an explanation of a geoduck operation.

MR. FUHS explained that geoduck farming is minimally invasive. He stated that the maximum lease is for 10 acres in the subtidal zone, so the farms are unseen. He stated that all other fishing activities could take place on and around the farm. He noted that carbon sequestration farms are much larger and can take over the area around the sites. He expressed the understanding that these operations would exclude local populations from using these sites. He suggested that only allowing these operations in remote areas could be a fix to this potential problem.

[2:15:17 PM](#)

REPRESENTATIVE SADDLER referred to Sections 3 and 4 of the proposed legislation on carbon management and carbon sequestration. He questioned the distinction between these terms.

MR. FUHS expressed uncertainty. He expressed the understanding that these terms have the same definition.

REPRESENTATIVE SADDLER deferred the question to the bill sponsor.

REPRESENTATIVE VANCE stated that this is drafting language. Considering the other carbon legislation, she expressed the intent in this bill to make sure the leases for growers would be secured. She stated that the drafter of the legislation determined the language.

[2:16:53 PM](#)

JAKE ALMEIDA, Staff, Representative Sarah Vance, Alaska State Legislature, on behalf of Representative Vance, prime sponsor of HB 329, responded that "carbon sequestration" would be the

politically correct term, while "carbon management" is the legalese.

REPRESENTATIVE SADDLER remarked on the consistency in the use of the terms in the proposed bill.

[2:17:39 PM](#)

REPRESENTATIVE BAKER asked what number of current leaseholders and businesses this would impact. He commented that regarding other industries, a 20-year lease would be out of the norm.

MR. FUHS responded that, in general, tideland leases are longer for other businesses, as they can be up to 55 years. He stated that the short leases do not fit the biology of geoducks. He stated that lease extension options would also ensure the farms are operating properly.

[2:19:26 PM](#)

KATE DUFAULT, Program Manager, Aquatic Farms Leasing Program, Division of Mining, Land, and Water, Department of Natural Resources, responded that the program has currently administered around 78 aquatic farm-site leases, with 50 percent located in Southeast Alaska and 30 percent located in Southcentral Alaska. She added that the remainder are in Kodiak Island and the Alaska Peninsula. In response to a follow-up question, she stated that the leases range in size from under 1 acre to 180 acres. She stated that on average these leases are for 15 to 25 acres.

[2:21:40 PM](#)

REPRESENTATIVE SADDLER asked whether a shellfish mariculture lease or carbon sequestration lease would generate more state revenue and associated economic activity.

MS. DUFAULT stated that there are some rough numbers from the 2022 annual sales, but currently she does not have them. She added that the sales from shellfish accounted for the bulk of annual sales. She estimated that shellfish account for around \$1.6 million, while kelp accounted for \$270,000 in sales. She stated that the numbers for 2023 are not yet compiled.

REPRESENTATIVE SADDLER questioned the fiscal note.

MS. DUFAULT said the fiscal note expresses the numbers in the thousands, not the millions. In response to a follow-up

question, she stated that the staff time on the fiscal note would represent the total cost, not the cost per hour.

2:24:04 PM

CHAIR MCKAY announced that HB 329 was held over.

2:24:36 PM

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 2:24 p.m.