

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

April 24, 2024

2:07 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 LEGISLATORS PRESENT

Representative CJ McCormick

COMMITTEE CALENDAR

HOUSE BILL NO. 396

"An Act establishing a big game guide concession area permit program on land in the state; relating to the duties of the Big Game Commercial Services Board, the Board of Game, the Department of Fish and Game, and the Department of Natural Resources; requiring the Board of Game to establish an initial big game guide concession area; and providing for an effective date."

- HEARD & HELD

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; closing certain water to commercial fishing; and providing for an effective date."

- MOVED CSHB 195 (FSH) OUT OF COMMITTEE

HOUSE BILL NO. 114

"An Act relating to the definition of 'village' in the Village Safe Water Act."

- MOVED HB 114 OUT OF COMMITTEE

CS FOR SENATE BILL NO. 161 (CRA) AM

"An Act relating to municipal taxation of farm land and farm structures; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 396

SHORT TITLE: DNR BIG GAME GUIDE PERMIT PROGRAM

SPONSOR(S): RESOURCES

04/10/24	(H)	READ THE FIRST TIME - REFERRALS
04/10/24	(H)	RES, FIN
04/17/24	(H)	RES AT 1:00 PM BARNES 124
04/17/24	(H)	Heard & Held
04/17/24	(H)	MINUTE (RES)
04/24/24	(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
 04/08/24 (H) Heard & Held
 04/08/24 (H) MINUTE(RES)
 04/15/24 (H) RES AT 1:00 PM BARNES 124
 04/15/24 (H) Heard & Held
 04/15/24 (H) MINUTE(RES)
 04/17/24 (H) RES AT 1:00 PM BARNES 124
 04/17/24 (H) Scheduled but Not Heard
 04/24/24 (H) RES AT 1:00 PM BARNES 124

BILL: HB 114

SHORT TITLE: VILLAGE SAFE WATER ACT;VILLAGE DEFINITION
 SPONSOR(s) : MCCABE

03/15/23 (H) READ THE FIRST TIME - REFERRALS
 03/15/23 (H) CRA
 04/18/24 (H) RES REPLACED CRA REFERRAL
 04/24/24 (H) RES AT 1:00 PM BARNES 124

BILL: SB 161

SHORT TITLE: TAX EXEMPTION FOR FARM LAND/STRUCTURES
 SPONSOR(s) : BJORKMAN

01/16/24 (S) PREFILE RELEASED 1/8/24
 01/16/24 (S) READ THE FIRST TIME - REFERRALS
 01/16/24 (S) CRA
 01/30/24 (S) CRA AT 1:30 PM BELTZ 105 (TSBldg)
 01/30/24 (S) Heard & Held
 01/30/24 (S) MINUTE(CRA)
 02/01/24 (S) CRA AT 1:30 PM BELTZ 105 (TSBldg)
 02/01/24 (S) Heard & Held
 02/01/24 (S) MINUTE(CRA)
 02/15/24 (S) CRA AT 1:30 PM BELTZ 105 (TSBldg)
 02/15/24 (S) <Above Item Removed from Agenda>
 02/15/24 (S) MINUTE(CRA)
 02/22/24 (S) CRA AT 1:30 PM BELTZ 105 (TSBldg)
 02/22/24 (S) -- Invited & Public Testimony --

02/27/24 (S) CRA AT 1:30 PM BELTZ 105 (TSBldg)
 02/27/24 (S) <Bill Hearing Rescheduled to 02/29/24>
 02/29/24 (S) CRA AT 1:30 PM BELTZ 105 (TSBldg)
 02/29/24 (S) Moved CSSB 161(CRA) Out of Committee
 02/29/24 (S) MINUTE(CRA)
 03/01/24 (S) CRA RPT CS 4DP NEW TITLE
 03/01/24 (S) DP: DUNBAR, GRAY-JACKSON, GIESSEL,
 BJORKMAN
 03/18/24 (S) TRANSMITTED TO (H)
 03/18/24 (S) VERSION: CSSB 161(CRA) AM
 03/20/24 (H) READ THE FIRST TIME - REFERRALS
 03/20/24 (H) CRA
 04/02/24 (H) CRA AT 8:00 AM BARNES 124
 04/02/24 (H) Heard & Held
 04/02/24 (H) MINUTE(CRA)
 04/04/24 (H) CRA AT 8:00 AM DAVIS 106
 04/04/24 (H) Heard & Held
 04/04/24 (H) MINUTE(CRA)
 04/11/24 (H) CRA AT 8:00 AM BARNES 124
 04/11/24 (H) -- MEETING CANCELED --
 04/18/24 (H) RES REFERRAL ADDED AFTER CRA
 04/18/24 (H) CRA AT 8:00 AM BARNES 124
 04/18/24 (H) Moved HCS CSSB 161(CRA) Out of
 Committee
 04/18/24 (H) MINUTE(CRA)
 04/22/24 (H) CRA RPT HCS(CRA) 2DP 1DNP 3NR 1AM
 04/22/24 (H) DP: MEARS, RUFFRIDGE
 04/22/24 (H) DNP: MCCABE
 04/22/24 (H) NR: MCKAY, BAKER, MCCORMICK
 04/22/24 (H) AM: HIMSCHOOT
 04/24/24 (H) RES AT 1:00 PM BARNES 124

WITNESS REGISTER

KEVIN KEHOE, President
 Alaska Wild Sheep Foundation
 Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 396.

ROB JONES, representing self
 Chugiak, Alaska

POSITION STATEMENT: Testified in support of HB 396.

LYLE BECKER, representing self
 Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 396.

COKE WALLACE, representing self
Healy, Alaska

POSITION STATEMENT: Testified in support of HB 396.

BEN MALLOT, Vice President of External Affairs
Alaska Federation of Natives
Anchorage, Alaska

POSITION STATEMENT: Gave invited testimony in support of HB 396 with one recommended change.

CHRISTIANNA COLLES, Director
Division of Mining, Land, and Water
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: As an invited testifier, responded to questions during the hearing on HB 396.

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

POSITION STATEMENT: As an invited testifier, responded to questions during the hearing on HB 396.

REPRESENTATIVE JUSTIN RUFFRIDGE
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, answered questions during the hearing on HB 195.

GLENN HAIGHT, Commissioner
Commercial Fisheries Entry Commission
Alaska Department of Fish and Game
Juneau, Alaska

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

JULIE MORRIS, Staff
Representative Kevin McCabe
Alaska State Legislature
Juneau Alaska

POSITION STATEMENT: Read the sectional analysis of HB 114 on behalf of Representative McCabe, prime sponsor.

KRYSTAL KOENEMAN, Legislative Liaison
Office Of the Commissioner
Department of Environmental Conservation

Juneau, Alaska

POSITION STATEMENT: Answered questions regarding SB 161.

SENATOR JESSE BJORKMAN
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented SB 161.

LAURA ACHEE, Staff
Senator Jesse Bjorkman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: On behalf of Senator Bjorkman, prime sponsor, offered information regarding SB 161.

ADAM JENSKI, representing self
Palmer, Alaska

POSITION STATEMENT: Testified in support of SB 161.

CHARLIE JEANNET, representing self
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 161.

ACTION NARRATIVE

[2:07:12 PM](#)

CHAIR TOM MCKAY called the House Resources Standing Committee meeting to order at 2:07 p.m. Representatives Rauscher, Baker, Saddler, Wright, Armstrong, Mears, Dibert, and McKay were present at the call to order. Representative McCabe arrived as the meeting was in progress.

HB 396-DNR BIG GAME GUIDE PERMIT PROGRAM

[Contains mention of SB 253.]

[2:09:05 PM](#)

CHAIR MCKAY announced that the first order of business would be HOUSE BILL NO. 396, "An Act establishing a big game guide concession area permit program on land in the state; relating to the duties of the Big Game Commercial Services Board, the Board of Game, the Department of Fish and Game, and the Department of Natural Resources; requiring the Board of Game to establish an initial big game guide concession area; and providing for an effective date."

[2:09:20 PM](#)

CHAIR MCKAY opened public testimony on HB 396.

[2:32:22 PM](#)

KEVIN KEHOE, President, Alaska Wild Sheep Foundation, testified in support of HB 396. He said the Sheep Foundation is for conservation and doesn't differentiate among types of hunters. He said HB 396 promotes better stewardship of hunting areas. He said currently all hunters are for themselves and do not have a vested interest in the areas in which they hunt. He claimed that HB 396 would prevent overcrowding in areas. He cited a University of Alaska Fairbanks (UAF) study stating that overcrowding is the number one issue with resident hunters.

[2:36:05 PM](#)

ROB JONES, representing self, testified in support of HB 396. He said he was a registered hunting guide. He opined that HB 396 is a "good start," as it would reduce congestion of hunters in specific areas. He said harvest numbers should be managed by ADF&G.

[2:39:01 PM](#)

LYLE BECKER, representing self, testified in support of HB 396. He imparted that he is a registered guide on National Wildlife Refuge Land and operates on land that has a guide concession program in place. He said limited concessions on state lands are vital to the longevity of the industry. He said HB 396 is a good start, and over time there may be changes and adaptations.

[2:41:04 PM](#)

REPRESENTATIVE SADDLER asked Mr. Becker what criteria one would use to decide between working on federal or state concession areas.

[2:41:24 PM](#)

MR. BECKER answered by listing a couple criteria: how onerous regulations are in each area and the quality of game in each area. He stated that federal regulations seem "excessively onerous," and the hunting operation is only as good as the game in the area.

[2:43:15 PM](#)

COKE WALLACE, representing self, testified in support of HB 396. He identified himself as a hunting guide in Healy, Alaska, on Game Management Units 13 and 28. He stressed resources are at critical levels and there do not need to be as many hunting guides in the field. He opined that the state is not doing a good job of protecting its resources.

[2:45:41 PM](#)

REPRESENTATIVE MCCABE thanked Mr. Wallace for his testimony.

[2:46:23 PM](#)

CHAIR MCKAY, after ascertaining that there was no one else who wished to testify, closed public testimony on HB 396 and went to invited testimony.

[2:47:06 PM](#)

BEN MALLOT, Vice President of External Affairs, Alaska Federation of Natives (AFN), began invited testimony in support of HB 396 and its companion [SB 253]. He said that there are currently no rules for hunting guides, creating a burden on resources, resident hunters, and subsistence communities. Additionally, he said that a concession program establishes a vested interest in the guiding areas. He suggested improvement of the bill by adding concessions for the unaffected areas of Alaska Native corporations (ANCs). In response to Chair McKay, he confirmed AFN supports HB 396 with the aforementioned suggestion for improvement.

[2:49:34 PM](#)

REPRESENTATIVE SADDLER asked whether ANCs would have additional consideration and involvement in the program or in developing the program.

[2:49:53 PM](#)

MR. MALLOT reiterated that AFN is in support of HB 396, but with some additional concessions to ensure protection of Native-owned lands.

[2:51:11 PM](#)

REPRESENTATIVE SADDLER inquired about comments claiming that the Department of Natural Resources (DNR) is not a land management agency. He asked what role DNR would play going forward if HB 396 were to become law.

[2:51:41 PM](#)

CHRISTIANNA COLLES, Director, Division of Mining, Land, and Water, Department of Natural Resources, responded that guides are not directly managed by DNR. Guides go through DNR to obtain permits and leases for state land on which guides would like to hunt and build cabins and/or facilities. She said DNR would have a large role in managing the guides in conjunction with ADF&G.

[2:53:29 PM](#)

REPRESENTATIVE SADDLER called HB 396 a "hybrid program" between DNR and ADF&G, with DNR managing the land and ADF&G managing the animals on the land. He asked how DNR and ADF&G might cooperate with each other upon passage of HB 396.

[2:53:58 PM](#)

RYAN SCOTT, Director, Alaska Department of Fish & Game, as an invited testifier, answered that the primary role of ADF&G is to provide biological data on species of interest and hunting data. He believed other divisions, such as the Board of Game or the Big Game Commercial Services Board, would use data to make allocation decisions. Historically, he added, some of the species they will be discussing have not required guides.

[2:54:49 PM](#)

REPRESENTATIVE SADDLER asked for clarification regarding the division of responsibilities between DNR, ADF&G, the Board of Game, and the Big Game Commercial Services Board.

[2:55:27 PM](#)

CHRISTIANNA COLLES clarified that a proposal with land that requires concessions would come from the public to the Board of Game, which would decide in consultation with the Big Game Commercial Services Board whether a concession should be implemented in that area. Ms. Colles believed that the data

collected by ADF&G would be taken into consideration. After deciding, the Board of Game would make a recommendation to DNR on whether to implement a concession program. The department [DNR] would execute the recommendation. She said that DNR would need to develop a competitive application process for permits to decide who would be awarded concessions. Those awarded would be allowed to use state land for up to 10 years.

[2:58:10 PM](#)

CHAIR MCKAY set an amendment deadline for HB 396 for Thursday, April 25 at 4 p.m.

CHAIR MCKAY announced that HB 396 was held over.

[2:58:30 PM](#)

The committee took an at-ease from 2:58 p.m. to 2:59 p.m.

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

[2:59:31 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; closing certain water to commercial fishing; and providing for an effective date." [Before the committee was CSHB 195(FSH).]

[2:59:59 PM](#)

CHAIR MCKAY moved to adopt Amendment 1 to CSHB 195(FSH), labeled 33-LS0807\B.2, Bullard, 4/23/24, which read as follows:

Page 7, line 10:
Delete "how"

Page 7, line 11:
Delete "will be determined"
Insert "to be offered"

Page 8, line 27, through page 9, line 4:
Delete all material and insert:

"(b) Participation in the buy-back program established under this section is voluntary. An individual qualified under this section may apply electronically on a form provided by the commission to have the individual's entry permit purchased under this section. The commission shall provide each applicant with an electronic receipt evidencing the date and time the individual's application was received. Subject to appropriation and to (c) of this section, the commission shall buy back not more than 300 unencumbered entry permits in the order in which applicant names are drawn by a lottery. If an applicant whose permit has been selected for purchase is disqualified from participation in the program under (c) of this section, elects not to participate in the buy-back program, fails to sign the contract of sale within a period specified by the commission, or fails to provide all of the information required under (a) of this section, the commission shall, subject to (c) of this section, offer to buy back the entry permit of the applicant whose name was next selected in the lottery."

Page 9, line 5, following "applicant":

Insert "whose name is selected in the lottery under this section"

Page 9, lines 17 - 25:

Delete all material and insert:

"(1) buy back the entry permit of an applicant selected in the lottery under this section for \$200,000, less administrative costs; and"

Renumber the following paragraph accordingly.

[3:00:04 PM](#)

REPRESENTATIVE RAUSCHER objected for the purpose of discussion.

[3:00:09 PM](#)

CHAIR MCKAY explained that Amendment 1 would mostly return the bill to its original version. He stated that the original version of the bill received strong testimony in support, but offered his understanding that testifiers were unaware the bill had been significantly altered in the House Special Committee on

Fisheries. He asked Representative Ruffridge to speak on Amendment 1 and be available for questions.

[3:00:52 PM](#)

REPRESENTATIVE RUFFRIDGE, Alaska State Legislature, as prime sponsor of HB 195, echoed that Amendment 1 would return CSHB 195(FSH) to its original version, with some changes. He described the following changes: an increase to the number of available permits from 200 to 300; a decrease to the permit dollar amount from \$260,000 to \$200,000; and the establishment of a permit lottery program. He primarily supported Amendment 1 due to its provision to establish the lottery program. He believed the lottery is more effective in accomplishing a buy-back program where the permit holders can opt in through an elective process. He said HB 195 would provide the framework for the lottery program, but fisheries and federal and/or private partners would be responsible for accumulating the funds.

[3:03:39 PM](#)

REPRESENTATIVE RAUSCHER asked Representative Ruffridge whether the support for HB 195 changed after the adoption of CSHB 195(FSH).

[3:04:17 PM](#)

REPRESENTATIVE RUFFRIDGE answered that the previous testimony voiced concerns about CSHB 195(FSH).

[3:04:57 PM](#)

REPRESENTATIVE RAUSCHER stated that he had heard the same.

[3:05:16 PM](#)

REPRESENTATIVE MCCABE stated his belief that the establishment of an elective process to participate in a buy-back and the lottery program made it equitable. He expressed his disappointment in CSHB 195(FSH), as it would remove the permit lottery program. However, he opined the \$200,000 is overpriced. He offered his understanding that the current average per permit was approximately \$20,000.

[3:06:36 PM](#)

REPRESENTATIVE RUFFRIDGE stated he agreed with Representative McCabe regarding the lottery program, so long as the intent was to operate a fishery. He explained that the dollar amount [\$200,000] was meant to emulate profits that fisheries may have earned by remaining open instead of electing to give up permits and shut down business.

[3:08:28 PM](#)

REPRESENTATIVE MCCABE asked what might happen with any surplus funds/equipment/investments into the fisheries. He voiced concern that the large dollar amount [\$200,000] might result in the monetization of permits. He also conceded that this concern may be mitigated by designating the fishermen, and not the state, to raise funding.

[3:09:30 PM](#)

REPRESENTATIVE RUFFRIDGE suggested that fishermen who have their permits bought may decide to auction their equipment or leave the industry entirely, but that remaining fisherman would have a vested interest in the area. He reiterated the intent of the bill to provide framework, not funding, for the lottery program.

[3:11:33 PM](#)

REPRESENTATIVE SADDLER asked whether CSHB 195(FSH) would pro-rate the amount of money paid to fisherman who volunteered to have their permit bought back based on the amount of money available and the number of fishermen who volunteered. He then asked for confirmation that Amendment 1 would allot a \$200,000 maximum to be paid to fishermen.

[3:12:08 PM](#)

REPRESENTATIVE RUFFRIDGE answered yes.

[3:12:24 PM](#)

REPRESENTATIVE SADDLER asked what might happen if the funding source were insufficient to provide the full \$200,000 for all the lottery winners. He asked if there is a provision for pro-rating the amount to be paid to the fishermen.

[3:12:32 PM](#)

REPRESENTATIVE RUFFRIDGE answered that the Commercial Fisheries Entry Commission (CFEC) would manage the lottery and buy-back program. He offered his understanding that the election to opt into the buy-back program would not proceed until there were funds available to buy all 300 permits.

[3:13:23 PM](#)

REPRESENTATIVE SADDLER asked how many fishermen wanted to take advantage of the buy-back program and give up their permits.

[3:13:48 PM](#)

REPRESENTATIVE RUFFRIDGE said currently there are fishermen not allowed to fish, and he believed that there are many people who would opt-in to the program due to instability of some fisheries.

[3:15:28 PM](#)

REPRESENTATIVE MEARS moved to adopt Conceptual Amendment 1 to Amendment 1 to CSHB 195[FSH], labeled: 33-LS0807\B.2, Bullard, 4/23/24, which read as follows:

Page 9, lines 6
Insert "a maximum of \$200,000"

[3:15:57 PM](#)

CHAIR MCKAY objected for the purpose of discussion.

[3:16:14 PM](#)

REPRESENTATIVE MEARS explained Conceptual Amendment 1 to Amendment 1 would allow for more flexibility in the program, with uncertainty of funds available.

[3:16:244 PM](#)

REPRESENTATIVE RUFFRIDGE asked whether Conceptual Amendment 1 to Amendment 1 would affect the "viability of the program."

[3:17:26 PM](#)

GLENN HAIGHT, Commissioner, Commercial Fisheries Entry Commission, answered there are options on buy-back regulations that still need to be developed, of which CFEC has not made a

final decision. He clarified there is a specific date for the election to opt in the buy-back program [April 2025]. He made a few suggestions, including waiting until there is the necessary amount of money to conduct all buy-backs, or doing it in rounds as funds become available. He offered his assumption that the desired amount for every buy-back would be \$200,000. He stated support for Conceptual Amendment 1 to Amendment 1.

[3:18:55 PM](#)

REPRESENTATIVE MCCABE shared his understanding that the \$200,000 acted as an "artificial" maximum and the language of Conceptual Amendment 1 already existed in Amendment 1.

[3:19:14 PM](#)

REPRESENTATIVE RUFFRIDGE confirmed that was the intent of Amendment 1, but mentioned he was not opposed to the clarifying language in Conceptual Amendment 1.

[3:19:27 PM](#)

REPRESENTATIVE SADDLER shared his understanding that the lottery program would not be pro-rated; instead, every lottery winner would receive \$200,000 until the funds were depleted. He contended that the \$200,000 does not function as a maximum, should every lottery winner receive \$200,000, thus rendering Conceptual Amendment 1 unnecessary. He asked whether the program, under Amendment 1, would pay every lottery winner no less than \$200,000 until funds were unavailable.

[3:21:05 PM](#)

REPRESENTATIVE RUFFRIDGE clarified that the amount that a person might receive from a buy-back would depend on the dollar amount available, which is an unknown variable, given the prescribed funding sources. After the election, he suggested, through regulation, CFEC could go through rounds of buy-backs or put all available permits out, should those funds be available. Through regulation, Conceptual Amendment 1 to Amendment 1 would allow a reduction of the dollar amount, should there be a desire. He added that reducing the dollar amount would allow for more permits to be bought back.

[3:22:42 PM](#)

REPRESENTATIVE MCCABE stated the details of the buy-back program, established by CFEC, would be on the ballot and "ratified by the people [permit-holders]," according to page 7, line 9 of CSHB 195(FSH).

[3:23:35 PM](#)

REPRESENTATIVE RUFFRIDGE agreed.

[3:23:50 PM](#)

CHAIR MCKAY removed his objection to Conceptual Amendment 1 to Amendment 1.

[3:23:56 PM](#)

REPRESENTATIVE MEARS proposed that a \$60 million budget with a valuation of \$200,000 per permit would satisfy program participants. Furthermore, if \$30 million was budgeted with each permit valuation at \$100,000 for 300 permits, that may still be accepted by program participants. She raised concerns that a \$200,000 limit would render the buy-back program inaccessible to half the prospective participants and remove flexibility by having a firm cap. She raised further concerns on the clarity of the language and reliance on the intent of a body when words can be more concise.

[3:24:47 PM](#)

REPRESENTATIVE MCCABE objected [to the motion to adopt Conceptual 1 to Amendment 1].

[3:24:53 PM](#)

A roll call vote was taken. Representatives Armstrong, Mears, and Dibert voted in favor of Conceptual Amendment 1 to Amendment 1 to CSHB 195(FSH). Representatives McCabe, Baker, Wright, Rauscher, Saddler, and McKay voted against it. Therefore, Conceptual Amendment 1 to Amendment 1 failed to be adopted by a vote of 3 to 6.

CHAIR MCKAY requested a motion.

[3:26:20 PM](#)

The committee took an at-ease from 3:26 p.m. to 3:26 p.m.

[3:26:45 PM](#)

CHAIR MCKAY inquired about any objections regarding Amendment 1.

[3:27:11 PM](#)

REPRESENTATIVE MEARS objected to Amendment 1.

A roll call vote was taken. Representatives Wright, Armstrong, Dibert, McKay, Baker, Rauscher, Saddler, and McCabe voted in favor of Amendment 1 to CSHB 195(FSH). Representative Mears voted against it. Therefore, Amendment 1 was adopted by a vote of 8 to 1.

[3:28:15 PM](#)

REPRESENTATIVE RAUSCHER moved to report CSHB 195(FSH), as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 195(RES) was reported out of the House Resources Standing Committee.

[3:29:10 PM](#)

The committee took an at-ease from 3:29 p.m. to 3:32 p.m.

HB 114-VILLAGE SAFE WATER ACT;VILLAGE DEFINITION

[3:32:18 PM](#)

CHAIR MCKAY announced that the next order of business would be HOUSE BILL NO. 114, "An Act relating to the definition of 'village' in the Village Safe Water Act."

CHAIR MCKAY noted that this is the bill's first hearing in the House Resources Standing Committee.

[3:32:49 PM](#)

REPRESENTATIVE MCCABE, as prime sponsor, introduced HB 114, which he stated would improve public health in rural communities by upgrading sanitation facilities. He stated that access to clean water is fundamental to avoid disease, improve community well-being, and increase environmental sustainability. He also highlighted that the Village Safe Water Program is a way that communities can follow pre-existing environmental laws by upgrading the sanitation infrastructure. He remarked that the

Department of Environmental Conservation (DEC) has an application and scoring process that would still need to be followed. He opined that HB 114 would expand the definition of "village" to include census designated areas of up to 1,500 people. This would ensure that a broader range of communities can have access to vital grant funding. This would support underserved communities and foster an environment of inclusivity. He emphasized the importance of updating statutory definitions and population limits to reflect current realities in Alaska. He noted that the last update in 2011 failed to include these definitions during the legislative process. Example communities that would benefit from proposed legislation could include Sutton, Talkeetna, Funny River, Buffalo, Tok, and Prudhoe Bay. He emphasized again that even given the definition change, the communities would still be required to meet DEC requirements and controls. He reiterated that this proposed bill would merely change the definition of a "village" to a community of up to 1,500 people. He stated that previous village requirements of 1,000 did not currently support many communities that would benefit from grants. He reiterated the tangible outcomes that would support public health goals.

[3:36:00 PM](#)

JULIE MORRIS, Staff, Representative Kevin McCabe, Alaska State Legislature, read the sectional analysis of HB 114 on behalf of Representative McCabe, prime sponsor. The sectional analysis [included in the committee packet] read as follows:

Section 1 amends AS §46.07.080(2)(E) to include: 1) a "census-designated place"; and 2) increases the population limit from 1,000 to 1,500 within this subsection.

Section 2 adds a definition of "census-designated place" to AS §46.07.080.

[3:37:00 PM](#)

CHAIR MCKAY offered his understanding that there is no fiscal note associated with this proposed legislation. He asked for reaffirmation that the cost to the state would be zero.

REPRESENTATIVE MCCABE acknowledged that there was no cost to the state. Additionally, he noted that there are about 43 villages that still need sanitation infrastructure installed and around half of which would qualify for this program. He also

highlighted that several dry cabins in Talkeetna have no access to water and consequently collect water from other sources. He emphasized that in the wintertime this can create a safety hazard. He stated that this is his attempt to leverage a pre-existing program to support examples such as this. The proposed bill outcomes could include the development of a public well-house for accessibility for those living in dry cabin accommodations without running water. He also stated that this program would not take away from any communities focused on other sanitation/clean water objectives.

[3:38:49 PM](#)

REPRESENTATIVE MEARS asked Representative McCabe about populations increasing over time and whether he had investigated changing the qualifying criteria for first-class cities and municipalities.

[3:39:17 PM](#)

REPRESENTATIVE MCCABE answered that larger municipalities were excluded because the bill was specifically designed for the Village Safe Water Act and first-class cities fell outside the scope of the Act's designed target groups.

[3:39:57 PM](#)

REPRESENTATIVE MEARS said that these are definitions for the Village Safe Water Act and therefore the definitions would apply only to the Act.

REPRESENTATIVE MEARS described the definitions and iterated that it may be worth looking at other communities that may benefit from revised population caps that pertain to grant funding requirements.

[3:41:11 PM](#)

REPRESENTATIVE MCCABE told Representative Mears that the intent of HB 114 was to resolve the lack of clean water and sewer systems. He stated that most of the places she was referring to already qualify for programs or were covered by preexisting sanitation infrastructure. He noted that one of the focuses of Senator Stevens on previous bill development was to address diseases stemming from a lack of clean water and sewage management practices in villages off the road system that were not affluent enough to purchase necessary sanitation

infrastructure. He said that the Village Safe Water Act was a way the state could help address these issues. He stated that this bill proposal was a way to address other communities that have the same sort of water/sanitation needs but do not qualify for grants.

[3:43:17 PM](#)

REPRESENTATIVE ARMSTRONG asked Representative McCabe whether this proposal would increase federal money available to the Village Safe Water Act or expand the pool of qualifying communities while federal allocations remain the same.

[3:43:33 PM](#)

REPRESENTATIVE MCCABE responded that he was unsure whether it would change federal grant availability and deferred to Krystal Koeneman with DEC to provide elaboration.

[3:43:59 PM](#)

KRYSTAL KOENEMAN, Legislative Liaison, Department of Environmental Conservation (DEC), stated that if the policy decision is approved to change the population threshold, then DEC would work with federal partners to add prospective communities to the list of those eligible for federal funding. She noted that funding would not increase with this piece of legislation but [the bill] would increase the population requirements.

[3:44:43 PM](#)

REPRESENTATIVE ARMSTRONG asked whether the program was fully meeting the needs it was designed for and whether the proposed legislation has the risk of creating competition amongst communities for federal grant availability.

[3:45:03 PM](#)

MS. KOENEMAN answered that she thinks Alaska struggles with ensuring proper sanitation and clean water throughout different areas of the state. She thinks that anything to help different communities with whatever money is available to leverage is beneficial to the state.

[3:45:34 PM](#)

REPRESENTATIVE ARMSTRONG asked Ms. Koeneman to elaborate on the criteria for grant money. She asked whether grant money is delivered based on public health or safety concerns and what these criteria look like.

[3:45:44 PM](#)

MS. KOENEMAN explained there is a priority level that is not just with the state but also an agreement with federal partners to delineate ranking priority for grant recipients.

[3:46:10 PM](#)

REPRESENTATIVE MEARS asked Ms. Koeneman how much state funds go into matching pre-existing priority lists outlined by groups such as the United States Department of Agriculture (USDA) Rural Development or Indian Health Services (IHS).

[3:46:53 PM](#)

MS. KOENEMAN did not have the specific dollar amounts but said she could get them to Representative Mears.

[3:47:03 PM](#)

REPRESENTATIVE SADDLER asked Ms. Koeneman whether there are federal limits that may apply to communities qualifying for grants. He asked whether this proposal could "foul up" any federal caps.

[3:47:21 PM](#)

MS. KOENEMAN replied that there is a memorandum of understanding (MOU) with federal partners and DEC would work with them to update any documentation if the community were to qualify. She highlighted that there is a process of requirements for qualification. Furthermore, she stated that work with federal partners is necessary and would not run afoul any federal requirements.

[3:48:11 PM](#)

REPRESENTATIVE MEARS asked Representative McCabe whether he was aware of any other projects that would be sought in addition to the Talkeetna Project.

[3:48:41 PM](#)

REPRESENTATIVE MCCABE was not aware of projects other than Talkeetna's. He stated that Talkeetna has not even applied for it yet, but he thinks that DEC would be willing to work with the community. He stated that Talkeetna has borough money and last year it helped address an outdated sewer system. He also highlighted that some communities that had pre-existing infrastructure installments from the Village Safe Water Act need updates due to failing systems. He reiterated that HB 114 was not designed to take money away from any other communities that are in need but to update the Act which has aged since its inception.

[3:50:20 PM](#)

REPRESENTATIVE MEARS noted that there are dozens of projects on the list for funding. She wanted to get an idea of how HB 114 would impact other pre-existing projects. She asked Representative McCabe whether he explored additional project candidates in addition to just Talkeetna.

RESPRESNTATIVE MCCABE acknowledged that his focus on HB 114 stemmed from Talkeetna's municipal needs.

[3:50:56 PM](#)

REPRESENTATIVE DIBERT reviewed the list of village safe water (VSW) projects in her district and noted that there are roughly 30 communities of interest. She asked Representative McCabe whether he had reached out to the Tanana Chief Council (TCC) and inquired about how the council feels about the proposed bill and how it would impact these 30 communities on the list.

[3:51:31 PM](#)

REPRESENTATIVE MCCABE answered that he did not reach out to TCC. He noted that last year there were several presentations from DEC related to the Village Safe Water Act and that these projects fluctuate. He noted that each of the projects noted by Representative Dibert may not even qualify following qualification scoring.

[3:52:16 PM](#)

MS. KOENEMAN affirmed that Representative McCabe was correct regarding the qualification process. She noted those currently

on the shortlist would not be affected until the qualification process is completed.

[3:53:19 PM](#)

REPRESENTATIVE RAUSCHER moved to report HB 114 out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE MEARS objected.

[3:53:45 PM](#)

A roll call vote was taken. Representatives Saddler, Wright, Armstrong, McCabe, Baker, Rauscher, and McKay voted in favor of the motion to report HB 114 out of committee with individual recommendations and the accompanying fiscal notes. Representatives Mears and Dibert voted against it. Therefore, HB 114 was reported out of the House Resources Standing Committee by a vote of 7-2.

[3:54:45 PM](#)

The committee took an at-ease from 3:54 p.m. to 3:57 p.m.

SB 161-TAX EXEMPTION FOR FARM LAND/STRUCTURES

[3:57:47 PM](#)

CHAIR MCKAY announced that the final order of business would be SENATE BILL NO. 161, "An Act relating to municipal taxation of farm land and farm structures; and providing for an effective date."

SENATOR JESSE BJORKMAN, Alaska State Legislature, as prime sponsor, presented SB 161 and its accompanying PowerPoint [hard copy included in the committee packet]. He stated that the heart of the bill is to provide tax relief for farmers by reducing fixed costs and increasing farming profitability. By doing so it attempts to encourage more people to grow food for Alaskans. He highlighted that SB 161 would extend current mandatory exemptions from farm-use land to include farm-use buildings. He stated that these buildings would be taxed at the farm rate as opposed to the standard rate. He stated that additionally the bill would change the qualification tax-break standard from showing 10 percent of total income and move the standard to showing \$2,500 in sales on a Schedule F. He also

said SB 161 would change the optional portion of the law, which would allow municipalities by ordinance to allow tax breaks for farm-use buildings all the way down to zero. By doing so, he highlighted, municipalities could dictate farmer tax breaks on farm-use buildings even when deviating from standard farm-use rates. He also highlighted that these buildings would require exclusive use for farming activities. He mentioned that the types of farming activities that would be included in these mandatory section deferments would be for food production only while the optional tax exemption would include all farming activities.

[4:01:21 PM](#)

LAURA ACHEE, Staff, Senator Jesse Bjorkman, Alaska State Legislature, on behalf of Senator Bjorkman, prime sponsor of SB 161, added that under current statutes the mandatory exemption is open to all agricultural operations. She noted that in attempt to balance out taxes needed by both municipalities and boroughs and to address the need for both farmers and food production in Alaska, the legislation would narrow the scope of mandatory exemptions.

[4:02:23 PM](#)

ADAM JENSKI, representing self, as a Matanuska-Susitna farmer working in agriculture ("Ag"), testified in support of SB 161. He mentioned that although representing self, he sits on both the Matanuska-Susitna Borough Agriculture Advisory Board and the State Board of Agriculture & Conservation. He stated that he has been involved with farming since he was 16. He noted that he does a lot of deferments to the Mat-Su Borough and understands its benefits to farmers and adding the buildings is a "huge deal." He believes this bill addresses one of the many hurdles that farmers face which is the high taxes. He mentioned that many farms in his life that have been on the annual chopping block are outside the Delta area and have a differing tax structure. He noted that the tax codes have detrimentally impacted retiring and aging farmers looking to pass off their business. He said that this bill would support all food producers regardless of size. He highlighted that 1 percent of farmers in Alaska produce 57 percent of the food. He noted that if these 1 percent go under, then it would create food security issues. He claimed that these taxes benefit larger producers like him, even more so than anyone else. He mentioned that his Ag operation currently encompasses 2,000-3,000 acres depending on lease agreements. He mentioned that Point MacKenzie is a

large issue right now regarding deferments. His example was old, out-of-use dairy buildings that are causing too much tax burden for owners and prompting owners to sell their land, and these sales are often to developers that pull land out of AG use. He opined that deferment adjustment can keep farmers from selling out Ag property because of the tax burden. He estimated certain instances where tax savings could amount to \$30,000 a year. He emphasized that another important part of the bill would allow incentives for landowners to add land into new Ag related processes and operations. He noted that a strategy for farming is to open new tracts to AG. He mentioned that Nenana is one such example but may not be feasible for some farmers due to its distant nature. He noted that this bill would allow smaller acreage parcels to roll into Ag easier and allow an easier tax burden on the development of new farms. He said that the bill would substantially increase land designated for agriculture in Alaska. He remarked that as a Southcentral farmer who has seen the sale of many farm properties, SB 161 would help keep players in the game with tax incentives.

[4:07:20 PM](#)

CHARLIE JEANNET, representing self, introduced himself as a farmer operating a small farm called Porcupine Ridge Farm. He noted that the previous testifier shared many of his same sentiments and that they are a common concern amongst other farmers across the state. He noted that he operates a smaller scale farm than the previous testifier, around 80 acres total with about 50 dedicated to hay production. He noted that he has been struggling in recent years and SB 161 would go a long way to help him and others maintain their ability to farm or enter farming. He noted that he had submitted a letter in support of SB 161 prior to the hearing. He emphasized that farming and sustainability is important. He claimed that interest in farms is waning largely due to increasing costs and the inability to turn a profit. He noted that most farmers in his area have a day job and as farming becomes more of a challenge, people are placing more focus and reliance on those day jobs. He opined that given the current 10 percent tax rule, it has become harder to hit that qualification standard. He noted that the application pool for deferments in the area has gone from around 150 to less than 30 and only about one-fifth of local farmers are still in the deferment program for the Fairbanks area. He said that these numbers are indicative of current issues in farming. He remarked that more and more land has been abandoned for farm use and that his current Ag operation used to accommodate over 300 acres. In summary, he said that he thinks

SB 161 is important and hopes that it will encourage greater participation in farming. He noted that the Alaska State Fair lacks the farming related entries that it once saw, and the current trend is not good for Alaska.

[4:12:02 PM](#)

CHAIR MCKAY invited questions.

[4:12:13 PM](#)

REPRESENTATIVE SADDLER asked Senator Bjorkman how it is determined that a structure on a farm is farm-related. He asked whether it be with an inspector or an affirmation from the farmer.

[4:12:30 PM](#)

SENATOR BJORKMAN answered that the Office of the State Assessor is responsible for making the determination whether a structure qualifies for farming use. He then stated that a structure is assessed by portion, what percent of the building, and what time of year the building is used for farming. He made the example of home office tax write-offs as a similar means in which farmers could claim Ag-related buildings. He noted that farmers receive tax breaks based only on proportioned building use.

[4:13:34 PM](#)

REPRESENTATIVE SADDLER asked Senator Bjorkman if assessors make annual trips to verify that buildings currently are used for agriculture.

[4:13:58 PM](#)

SENATOR BJORKMAN replied that in his experience, most assessments are done on a cyclical basis and often in two- or three-year cycles. He noted that assessors have the discretion to assess more often than that. He noted that there is an assessor online that can answer these questions.

[4:14:43 PM](#)

CHAIR MCKAY inquired about any additional questions and thanked Senator Bjorkman, his staff, the testifiers, and Chair Sumner for the additional time to complete the work.

CHAIR MCKAY announced that SB 161 was held over.

[4:15:12 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 4:15 p.m.