

ALASKA STATE LEGISLATURE
SENATE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

February 1, 2024

1:31 p.m.

DRAFT

MEMBERS PRESENT

Senator Forrest Dunbar, Chair
Senator Donald Olson, Vice Chair
Senator Elvi Gray-Jackson
Senator Jesse Bjorkman
Senator Cathy Giessel

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 161

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

- HEARD & HELD

SENATE JOINT RESOLUTION NO. 13

Encouraging the United States Congress and the President of the United States to pass and sign legislation amending the Alaska Native Claims Settlement Act to release certain land held in trust back to affected Alaska Native village corporations.

- HEARD & HELD

PRESENTATION(S): ALASKA BROADBAND UPDATE

- HEARD

PREVIOUS COMMITTEE ACTION

BILL: SB 161

SHORT TITLE: TAX EXEMPTION FOR FARM USE LAND

SPONSOR(S): SENATOR(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)

BILL: SJR 13

SHORT TITLE: AMEND ALASKA NATIVE CLAIMS SETTLEMENT ACT
SPONSOR(s): SENATOR(s) DUNBAR

01/26/24 (S) READ THE FIRST TIME - REFERRALS
01/26/24 (S) CRA
02/01/24 (S) CRA AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

BEN ADAMS, representing self
Soldotna, Alaska

POSITION STATEMENT: Testified in support of SB 161.

MARCUS MUELLER, representing self
Kenai, Alaska

POSITION STATEMENT: Testified in support of SB 161.

PAMELA SAMASH, representing self
Nenana, Alaska

POSITION STATEMENT: Testified in support of SB 161.

ADAM JENSKI, representing self
Palmer, Alaska

POSITION STATEMENT: Testified in support of SB 161 and answered questions on the bill.

ARIELLE WIGGIN, Staff
Senator Forrest Dunbar
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced SJR 13 on behalf of the sponsor.

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

POSITION STATEMENT: Provided invited testimony in support of SJR 13 and answered questions.

GREGG RENKES, Senior Vice President

Government Relations
Chenega Corporation
Washington, D.C.

POSITION STATEMENT: Gave invited testimony in support of SJR 13 and answered question.

THOMAS LOCHNER, Director
Alaska Broadband Office
Department of Commerce, Community and Economic Development
Anchorage, Alaska

POSITION STATEMENT: Delivered an update on the Alaska Broadband Office and answered questions.

ERIN HEIST, Division Operations Manager
Administrative Services Division
Department of Commerce, Community and Economic Development
(DCCED)
Juneau, Alaska

POSITION STATEMENT: Answered questions during the update on the Alaska Broadband Office.

ACTION NARRATIVE

[1:30:55 PM](#)

CHAIR FORREST DUNBAR called the Senate Community and Regional Affairs Standing Committee meeting to order at 1:31 p.m. Present at the call to order were Senators Giessel, Gray-Jackson, Olson, Bjorkman, and Chair Dunbar.

SB 161-TAX EXEMPTION FOR FARM USE LAND

[1:31:52 PM](#)

CHAIR DUNBAR announced the consideration of SENATE BILL NO. 161 "An Act relating to municipal taxation of farm use land; and providing for an effective date."

[This is the second hearing of SB 161 in the Senate Community and Regional Affairs Committee.]

[1:32:01 PM](#)

CHAIR DUNBAR opened public testimony on SB 161.

[1:32:36 PM](#)

BEN ADAMS, representing self, Soldotna, Alaska, testified in support of SB 161, stating that he is a new farmer and rancher in Alaska. Property taxes on structures are one of a farmer's biggest expenses, which discourages farming. He said that,

unlike every state he knows, Alaska has the idea of progressive property taxation. He explained that the more he builds and farms, the more his property taxes increase. He is now at the point where he pays considerably more than anyone else in his neighborhood, including those with more land and residential structures, all due to farming. He said that in Southcentral Alaska, it is a hugely discouraging factor. He said farmers informed him they cannot increase production because they cannot afford the property taxes on the new structures required for expansion. He said if the state is serious about food security, then Alaska needs to:

- stop making minor, incremental changes,
- stop with the far-flung agricultural projects, and
- do something that makes a huge difference to the farmers in Kenai and Mat-Su, like offer an exemption or a deferral for structures on farms.

MR. ADAMS compared various forms of taxation on farms around Alaska. He said the disparity in property taxes makes it cheaper for certain farms to produce agricultural goods. He said the state's largest farms are in Delta Junction, and they pay nothing. Fairbanks has a farm structure exemption, which 78 percent of voters approved. He said farms like his cannot produce agricultural goods cheaply due to the larger property tax bills. Before he started farming two years ago, his property taxes were about \$1,000 yearly; now, they are more than \$1,000 monthly. He said it is impossible to break even, let alone turn a profit or grow as a farmer and rancher when the property tax bill increases every time he builds anything. It is the opposite of what every other state does, and it needs to change if Alaskans seriously want food security in the state. He urged the legislature to fix this before farmers give up and go bankrupt. He said Alaska cannot have food security under the current law.

[1:35:47 PM](#)

MARCUS MUELLER, representing self, Kenai, Alaska, testified in support of SB 161, stating he is a new farmer in Homer, Alaska. He said that he likes:

- the straightforward approach of SB 161,
- that it includes farm buildings,

- that it includes the use of IRS tax form Schedule F (Form 1040) and
- the \$1000 product value threshold.

[1:36:25 PM](#)

MR. MUELLER said he is starting a farm business on 177 acres of land, 2 miles off-road on the Kenai Peninsula. He works as a land manager for the Kenai Peninsula Borough during the day. He wrote a white paper on agriculture in this capacity. It outlines an agricultural initiative on the Kenai Peninsula that identifies where the borough could put forward as much as four to six thousand acres of land for agricultural production. In the process of writing the white paper, he had a lot of conversations with the farming community and those interested in locally grown foods in the region. He has been involved with the Borough Resilience and Security Advisory Commission for the past two years. This group of volunteers discusses emerging issues on the Kenai Peninsula and includes an agricultural subcommittee. A recurring topic of discussion is the use of tax policy as a tool for governments to promote agricultural growth across the state.

[1:38:44 PM](#)

MR. MUELLER said that the role of tax policy is important, particularly concerning agriculture. He outlined a finding of particular importance:

- The agricultural sector is a land-based industry.
- Land is an important part of the supply chain, as is access to land and the affordability of land.
- Agriculture competes with other sectors for land.
- Land for residential use has the advantage of 30-year, capitalized upfront mortgages.
- Residential-use land has a major infusion of capital, which gives this sector a lot of purchasing power.
- In contrast, capital works just the opposite for agricultural-use land.
- A farmer starts with very little capital, and the goal is to make the land's soil valuable over time.
- A farmer might build the operation and value of the land over 30 years.
- The economic structure for land used in the agricultural sector differs greatly from other sectors.
- The tax policy for agricultural producers should reflect the reality of this difference.

MR. MUELLER thanked the committee for the opportunity to testify and encouraged support of SB 161.

[1:41:12 PM](#)

PAMELA SAMASH, representing self, Nenana, Alaska, testified in support of SB 161, aligning with previous testimony. She said it is critical to support efforts to increase food sustainability. The pandemic taught that Alaska is too dependent on the Lower 48. Farmers in Alaska are like heroes. They supply not only local food but good-quality local food. Happy, healthy farmers who humanely raise animals and organic produce means healthy Alaskans. SB 161 works for everybody.

[1:43:00 PM](#)

CHAIR DUNBAR agreed that during the pandemic, Alaska faced a public crisis that caused a lot of worry. He mentioned the Port of Tacoma and that Alaska needs to improve its food security.

[1:43:21 PM](#)

ADAM JENSKI, representing self, Palmer, Alaska, testified in support of SB 161 and answered questions. He foraged hay and raised bison and cattle in the Mat-Su Valley for about 20 years. He has been leaning into horse hay to pay bills because it is more profitable. He and his wife lease 3,000 to 4,000 acres of property between Palmer, Sutton, and Point MacKenzie. He said SB 161 is going in the right direction. He stated that taxes make farming leased ground more cost-effective than buying property. He asked that the committee consider allowing farmers to defer taxes completely. It is hard to find land suitable for agriculture in Alaska. He stated that SB 161 encourages landowners to keep their land for agricultural use instead of pursuing more profitable development opportunities.

[1:45:46 PM](#)

SENATOR OLSON asked whether the tax structure has changed in the Mat-Su Valley over the past 20 years.

MR. JENSKI replied, no. He started when he was 18 and is still filling out the same tax deferral application, albeit it only applies to the property itself, not the structures. The tax deferral helped him slow losses and hang on to 225 acres, down from 500. He said development outpaces the farmer's ability to replace land that is developed for other purposes. He foresees this trend persisting. Point MacKenzie has some big tracts, and the tax structure helps the land but not the massive barns on the land. Landowners prioritize tenants who can pay higher prices to store their RVs and airplanes to recoup their

investments, rather than renting to farmers. He asserted that the current tax deferral program fails to make these structures affordable for agricultural purposes.

[1:47:16 PM](#)

SENATOR OLSON asked what kind of services the borough provides in exchange for paid taxes.

MR. JENSKI asked if he meant road services.

SENATOR OLSON replied yes, clearing roads and services that help farmers sustain their livelihoods.

MR. JENSKI replied that Point MacKenzie is fairly poor. He expressed frustration that despite paying property taxes, the community receives no fire protection. He pointed out that two homes were lost due to the absence of fire services, even though the prison in Point MacKenzie does have fire protection.

[1:48:10 PM](#)

SENATOR BJORKMAN asked him to contact his office about deferral and ways to improve the program.

[1:48:35 PM](#)

CHAIR DUNBAR closed public testimony on SB 161.

CHAIR DUNBAR held SB 161 in committee.

[1:48:40 PM](#)

At ease.

SJR 13-AMEND ALASKA NATIVE CLAIMS SETTLEMENT ACT

[1:49:53 PM](#)

CHAIR DUNBAR reconvened the meeting and announced the consideration of SENATE JOINT RESOLUTION NO. 13 Encouraging the United States Congress and the President of the United States to pass and sign legislation amending the Alaska Native Claims Settlement Act to release certain land held in trust back to affected Alaska Native village corporations.

[1:50:23 PM](#)

ARIELLE WIGGIN, Staff, Senator Forrest Dunbar, Alaska State Legislature, Juneau, Alaska, introduced SJR 13 on behalf of the sponsor, stating this resolution recognizes a long-standing issue and challenge for many communities across Alaska. With the passage of the Alaska Native Claims Settlement Act (ANCSA),

several villages conveyed land to the State to be held in trust. The expectation was that those lands would revert to villages as they organized and assumed the responsibilities of municipal governments. The State continues to hold these lands in trust, and it has affected the ability of certain regions to develop. Federal action is needed, and Alaska's congressional delegation has proposed legislation to address this issue. SJR 13 supports this legislation. She said that the invited testifiers will provide more details on ANCSA and the federal legislation.

[1:51:47 PM](#)

CHAIR DUNBAR announced Mr. Mallot as an invited testifier.

[1:52:08 PM](#)

BEN MALLOT, Vice President, External Affairs, Alaska Federation of Natives (AFN), Anchorage, Alaska, gave a brief history of AFN. He said AFN membership includes 179 federally recognized tribes, 154 village corporations, nine regional corporations, and ten regional nonprofits. He said AFN supports SJR 13.

MR. MALLOT said that sec. 14(c)(3) of ANCSA required every Alaska Native village corporation to convey a portion of the lands it received in case a municipality or city was formed around its community. He believed that only eight ANCSA villages have been approved for municipalities.

MR. MALLOT said that AFN passed resolution 23-17 in 2023. This resolution urges federal action to sunset the ANCSA 14(c)(3) provision and restore Alaska Native Corporation (ANC) lands that the State holds in the Municipal Land Trust (MLT) program. He emphasized that SJR 13 has enormous support from 179 federally recognized tribes, 154 village corporations, nine regional corporations, and ten regional nonprofits.

[1:54:22 PM](#)

MR. MALLOT said Congress introduced two bills this Congress: S.2615 and H.R.6489, titled the Alaska Native Village Municipal Lands Restoration Act of 2023. He said these pieces of federal legislation essentially sunset the ANCSA 14(c)(3) provision enacted over 50 years ago. He expressed appreciation that SJR 13 encourages passage of this federal legislation and the restoration of land back to Alaska Native Corporations (ANCs).

MR. MALLOT said MLT managed lands has created problems for many ANCs as the it has been underfunded and overtasked for many years. He said that AFN believes that restoring MLT held lands

would allow communities to make informed decisions about how to best utilize their lands and resources.

MR. MALLOT said that AFN has supported this type of congressional legislation for many sessions. He thanked the chair and the governor for supporting the restoration of ANC lands. The collaboration between the Native communities and the State demonstrates to Congress that all parties are aligned. This was a major hurdle to overcome and a step forward.

[1:58:01 PM](#)

SENATOR OLSON asked if any Native village corporations are opposed to SJR 13.

MR. MALLOT replied that he has not heard of any that oppose the sunset of ANCSA 14(c)(3). He pointed out that AFN passed this resolution unanimously at its convention.

[1:58:51 PM](#)

SENATOR OLSON asked whether any cities that surround these lands are in opposition.

MR. MALLOT replied there have been concerns surrounding conveyed lands that are now cities. He expressed his belief that the work of AFN and the Alaska delegation to sunset the ANCSA 14(c)(3) provision and restore lands held by MLT is the first step in addressing how to make these communities whole. A provision asks for a resolution from the community, usually the village, so both the village and tribe have opportunities to determine the best use for the land. There are many details to consider, and further steps may be needed to fully address the concerns of communities that have already conveyed their land.

[2:00:28 PM](#)

GREGG RENKES, Senior Vice President, Government Relations, Chenega Corporation, Washington, D.C., gave a brief over of the Chenega Corporation, stating he serves as an alternate on the Board of Directors for the Alaska Native Village Corporation Association (ANVCA). ANVCA and its 176-member village corporations uniformly support this legislation. Chenega Corporation is an Alaska Native village corporation formed under the Alaska Native Claims Settlement Act (ANCSA). Chenega village is located on Evans Island in Prince William Sound, about 65 miles from Whittier.

MR. RENKES stated that U.S. Senators Murkowski and Sullivan and U.S. Representative Peltola introduced legislation in Congress.

This legislation garnered the support of the governor, the Alaska Federation of Natives, and the Alaska Native Village Corporation Association. He said that the legislature's support, embodied in the passage of SJR 13, will help boost this important federal legislation over the goal line.

MR. RENKES gave a brief update on the status of the congressional legislation. He stated that the Senate bill, S. 2615, had a hearing and was favorably reported out of the Senate Committee on Energy and Natural Resources on December 14. The House bill still needs to attract the interest of the House Natural Resources Committee and receive a hearing date. The Alaska legislature's support and governor's support of SJR 13 will help Alaska's congressional delegation push this process along. He said the hope is to see federal legislation become law by the end of the 118th Congress.

[2:02:38 PM](#)

MR. RENKES said that the federal legislation addresses a loose end left behind by ANCSA. He stated that no legislation is perfect, and ANCSA has been amended many times over the last 50 years to improve its impact and address unintended consequences. This is one of those cases where unintended consequences of the Act, only visible with the passage of time, need to be addressed. Section 14(c)(3) of ANCSA required every Native village corporation formed under the Act to turn a portion of the lands it received over to the State of Alaska to be held in trust for the eventual creation of a municipal government. Many village corporations, but less than half, turned land over to the State as required, and in a few cases, that land became municipal lands when municipalities were formed.

MR. RENKES said that in the vast majority of villages, the land is still being managed, in apparent perpetuity, by the State Municipal Land Trust. Decades after the passage of ANCSA and many years after these village corporations turned over land, no municipalities have been formed, and none are in sight. The State has administered this federal program for nearly 50 years, and only eight ANCSA villages formed a new municipality, the last in 1995. The crafters of ANCSA did not envision perpetual management of these lands in a State trust; the provision should have included an expiration date, but it didn't. It is time to return these lands to those village corporations so they can own and manage the lands for the benefit of their community members and Native shareholders as ANCSA intended.

[2:04:25 PM](#)

MR. RENKES said that the Municipal Land Trust holds approximately 11,550 acres. These acres are nearly impossible to develop due to restrictions imposed by the State's fiduciary responsibility to a future, but yet unknown municipality. The Act requires these lands to be:

"improved land on which the Native village is located and as much additional land as is necessary for community expansion, and appropriate rights-of-way for public use, and other foreseeable community needs." (ANCSA 14(c)(3))

MR. RENKES said the lands are in villages where housing and other community infrastructure should be built. These lands are what villages need to have available, but they are tied up and largely blocked from Native community development. This is expected to continue in perpetuity unless the trust responsibilities the federal government imposed on the State are eliminated in federal statute.

[2:05:20 PM](#)

MR. RENKES said that once ANCSA became law, the Bureau of Land Management (BLM) pushed to settle ANCSA 14(c)(3). In the early 1980s, some communities transferred deeds in the momentum of that federal effort to implement the law. The State received the bulk of the land held in trust during that push. He said that 83 statewide village communities still have their lands tied up in the Municipal Land Trust program.

MR. RENKES said that some village corporations defied the law and never transferred land to the Municipal Land Trust. Other than the early push by BLM, there was no enforcement mechanism at the State level to require participation. However, a cloud on title remains on lands held by village corporations that failed to participate. Any development use of this land requires the State's written disclaimer of interest. This extends the negative impact of ANCSA 14(c)(3) beyond the 83 communities with lands held in the Municipal Land Trust.

[2:06:32 PM](#)

MR. RENKES said that his village, Chenega, currently has approximately 385 acres of land within the Municipal Land Trust (MLT). The State holds most of the core lands in the Chenega village in trust. The topography and wetlands in Chenega severely limit available developable lands, making the lack of developable land a severe problem. When looking at future development sites, many buildable areas fall within lands held

by the State trust. Even the village cemetery is held in trust by the State. This undermines Chenega's right to self-determination and self-governance. While some of this land is subject to MLT lease agreements to accommodate public facilities, these leases are subject to fees. They are cumbersome to update or amend to accommodate community needs. Chenega should control these settlement lands, not the State of Alaska. Most critically, the Municipal Land Trust program prevents Chenega from improving the community. Chenega needs housing, particularly workforce housing, economic opportunity for village residents, and jobs.

[2:07:41 PM](#)

MR. RENKES said the Alaska congressional delegation introduced legislation that includes the following elements:

- If a village corporation conveyed all required land to the State, then the property conveyed to the State in trust reverts to the village corporation.
- If a village corporation conveyed only a portion of required lands to the State in trust, then those lands revert to the village corporation, and the village corporation is relieved of any further requirement to convey the remaining lands.
- If the village corporation has not conveyed lands to the State in trust, the conveyance requirement is eliminated.
- Reversion of the lands to the village corporations is subject to all valid and existing rights created by the Municipal Land Trust, and the village corporations assume all obligations of the State with regard to those valid existing rights.

[2:08:32 PM](#)

MR. RENKES concluded his comments by stating that he cannot express how important it is to have State support for this federal legislation.

[2:09:18 PM](#)

CHAIR DUNBAR asked about the village corporation's plans for the land should the federal legislation pass.

[2:09:52 PM](#)

MR. RENKES gave a brief history of Chenega before answering. He said Chenega is one of the oldest villages in Prince William Sound and was on the first Russian census. The first Russian governor of Alaska was Lord Baranov. He married a woman from

Chenega, and she was the initial first lady. He outlined Chenega's rich history:

- The village was destroyed in the 1964 earthquake by a series of tsunamis that hit the village seconds apart, completely wiping out the village and killing one-third of the population.
- It took 20 years to repopulate the village.
- By 1984, a village site was selected.
- By 1987, some Department of Housing and Urban Development (HUD) housing was built. People moved back into the village.
- In 1989, the Exxon Valdez Oil spill completely decimated the village food source, and people had to leave.
- The village had to repopulate again.

[2:10:48 PM](#)

MR. RENKES said Chenega has faced adversity through natural and human-made disasters. Yet, the village continues to persevere. The people are working hard to preserve their culture, language, and history and provide economic opportunities in the community so the village can continue repopulating.

MR. RENKES said that while the village has a platted northern subdivision complete with roads and utilities to the site, one-third of the land is owned by the Municipal Land Trust (MLT). MLT has denied the village's requests for that land because the State is holding it in trust for a future municipality. The village cannot use the land for a private housing development until MLT conveys it. If the village obtains the land, it will build out the northern subdivision with much-needed housing, particularly workforce housing. He explained that one of the challenges is Chenega's remote location. It is 65 miles by water to the closest community, Whittier. This makes it difficult to attract workers to the village without providing them with housing.

[2:12:01 PM](#)

MR. RENKES said that a housing plan is at the top of the village corporation's list for these lands should the federal legislation pass. Another important issue is the village bulk fuel system, which is in dire need of work. The village wants to

get fuel down to the dock to provide boat refueling, which could expand recreational and commercial fishing opportunities in Prince William Sound. He explained that by the time a boat gets to Chenega from Whittier, it needs fuel to return. This would provide some economic opportunity for the community, but it is not possible without obtaining the MLT lands. Housing and fuel infrastructure are just two projects that would bring essential economic opportunity. The village corporation would undertake these two projects first.

[2:13:16 PM](#)

CHAIR DUNBAR held SJR 13 in committee.

[2:13:32 PM](#)

At ease.

PRESENTATION(S) : ALASKA BROADBAND UPDATE

[Contains discussion of SB 140.]

[2:14:42 PM](#)

CHAIR DUNBAR reconvened the meeting and announced a presentation from the Alaska Broadband Office (ABO).

[2:14:59 PM](#)

THOMAS LOCHNER, Director, Alaska Broadband Office, Department of Commerce, Community and Economic Development, Anchorage, Alaska, delivered an update on the Office and answered questions. He said it has been a year since he first addressed the committee. He said a lot has happened in the last year, and there are many exciting developments to share today. He described his work history and experience, stating it provided him with a comprehensive knowledge of all aspects of telecommunications.

MR. LOCHNER emphasized that permitting takes three to four years, while the actual build only takes about six months. He said that ABO is doing everything possible to expedite the permitting process because the State only has four years to complete these mega projects, with a potential 50-year extension. He stressed the need for ABO to be efficient as possible in everything it does.

[2:19:08 PM](#)

MR. LOCHNER advanced to slide 2. The slide showed an expanded ABO organizational structure from the previous year and outlined the following organizational partners:

Division of Community and Regional Affairs

- Grant Administration
- Mapping Analytics and Data Resources

Department of Natural Resources

- Office of Project Management and Permitting
- Mining, Land and Water

Department of Transportation and Public Facilities

- Project Coordination
- Permitting

Department of Environmental Conservation

- Permitting

[2:20:12 PM](#)

MR. LOCHNER moved to slide 3, stating this slide from last year was included to provide context. He explained that the Infrastructure Investment and Jobs Act (IIJA) had two items that provided funding through the states. He said that Alaska is passing its funds through to subgrantees. This slide shows last year's two federal IIJA items and amounts:

[Original punctuation provided.]

Infrastructure Investment and Jobs Act (IIJA)

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION
(NTIA) BROADBAND FUNDING PROGRAMS

	Broadband Equity, Access, and
Digital Equity Act (DE):	Deployment (BEAD):
\$2,750,000,000	\$42,450,000,000

[2:20:58 PM](#)

MR. LOCHNER moved to slide 4 to discuss the Digital Equity Act. He said there are three tranches of funding that will go to improve the broadband experience of eight covered populations. The tranches of funding and covered populations are listed below:

[Original punctuation provided.]

Digital Equity - Digital Inclusion - Digital Literacy

ALLOCATED 2.75 BILLION FOR ALL STATES AND TERRITORIES

- Planning Grants: \$60 Million - Alaska Awarded \$567,800
- Capacity Grants: \$1.44 Billion - Alaska's Award: TBD
- Competitive Grants: \$1.25 Billion - Alaska's Award: TBD

COVERED POPULATIONS

- Individuals with a Language Barrier
- Incarcerated Individuals
- Individuals with Disabilities
- Individuals in Low-Income Households
- Aging Individuals
- Veterans
- Individuals who are Members of a Racial or Ethnic Minority
- Individuals who Reside in Rural Areas

[2:22:28 PM](#)

MR. LOCHNER moved to slide 5, stating Alaska received over \$1 billion in BEAD funding. He praised Alaska's congressional delegation, whose educational efforts significantly influenced the National Telecommunications and Information Administration's (NTIA) perspective on the five allocations outlined in the Notice of Funding Opportunity (NOFO). This advocacy resulted in a doubling of Alaska's allocation, giving the state the highest allocation on a per capita basis. He reviewed slide 5:

[Original punctuation provided.]

Broadband Equity, Access, and Deployment

ALLOCATED \$42.45 BILLION
FOR ALL
STATES AND TERRITORIES

Alaska's Allocation: \$1,017,139,672.42

DISBURSEMENTS OF ALASKA'S ALLOCATION

Grants will be based on percentage of locations that are:

- 1st Priority -- Unserved - less than 25Mbps/3Mbps
- 2nd Priority -- Underserved - less than 100Mbps/20Mbps and
- 3rd Priority -- Unserved Community Anchor Institutions - less than 1Gbps/1Gbps

[2:23:46 PM](#)

SENATOR GIESSEL asked if this is the money the legislature is attempting to appropriate in Senator Hoffman's bill.

MR. LOCHNER answered that he believes so but deferred the question to Ms. Heist.

CHAIR DUNBAR invited Ms. Heist to put herself on the record to answer whether the BEAD allocation pertains to SB 140, sometimes called the "bag" bill.

[2:24:23 PM](#)

ERIN HEIST, Operations Manager, Administrative Services Division, Department of Commerce, Community and Economic Development (DCCED), Juneau, Alaska, answered questions during the update on the Alaska Broadband Office. She said that she is not certain about that specific bill. The governor's FY2025 budget includes this full allocation as a capital item.

MR. LOCHNER followed up, stating the funding is not part of the bag bill.

[2:25:01 PM](#)

MR. LOCHNER concluded his comments on slide 5.

[2:25:38 PM](#)

MR. LOCHNER moved to slide 6, which showed a map and stats from one year ago. He explained that the initial Federal Communications Commission (FCC) map was missing about 70 communities. The second version improved, and the third version is still better, though not perfect. ABO is working with the FCC to identify every broadband serviceable location accurately. Slide 6 provided the following statistics:

[Original punctuation provided.]

Understanding of Broadband Landscape - 1 Year Ago

	<u>Alaska Communities</u>	<u>Percentage of Total Communities</u>
Served (green)	112	28.9
Projects (blue)	80	20.6
Underserved (purple)	12	3.1
Unserved (reddish pink)	184	47.4
Sum Total	388	

[2:26:35 PM](#)

MR. LOCHNER moved to slide 7, which provided an overview of what ABO has done over the last year:

[Original punctuation provided.]

Understanding the Broadband Landscape

Alaska Broadband Office Activities

- In partnership with many Alaskans, the ABO developed and submitted the State of Alaska Digital Equity Plan making the State to be eligible for an allocation of the \$1.44 billion Digital Equity Capacity Grant funds.
- The ABO developed and submitted the State of Alaska BEAD, Initial Proposal Volume 1 Challenge Process and are in the final approval process giving Alaskans a voice in where the infrastructure will be built.
- The ABO developed and submitted the State of Alaska BEAD, Initial Proposal Volume 2 Grant Program and are in the curing stage of the process.

[2:27:58 PM](#)

MR. LOCHNER moved to slide 8, giving an overview of what changed in the past year:

Understanding the Broadband Landscape (cont.)

What has Changed in the Past Year

- The Federal Communications Commission (FCC) Mapping updated from R1 (missing nearly 70 communities completely) to R3.2 (all communities represented but still not perfect). Maps are updated every 6 months.
- The NTIA has determined the Served, Underserved and Unserved Locations in Alaska and published them in the National Broadband Availability Map (NBAM).
- The NTIA has determined the High-Cost (no funding match required) and Non-High-Cost Areas (25% funding match required) based on Census Block Groups.

- The ABO has evaluated the ultra-remote locations within the Non-High-Cost Areas (will be asking for a waiver for the 25% funding match).

[2:28:42 PM](#)

MR. LOCHNER advanced to slide 9, The National Broadband Availability Map (NBAM)/ABO Map: High-Cost (red) and Non-High-Cost. He explained that the Non-High-Cost Areas are shown in a lighter color on the map and require a 25 percent match. In many areas, ABO considered whether residents would have the means to contribute a 25 percent match of a \$10,000,000 project. After considering the matter, ABO is prepared to request a waiver in certain areas to secure 100 percent funding. The High-Cost areas, shown in red on the map, received an automatic waiver, meaning NTIA will fund 100 percent of the project costs.

[2:29:33 PM](#)

CHAIR DUNBAR asked whether a formal waiver process is provided for in statute, and whether the federal government has been amenable to those waivers.

[2:29:50 PM](#)

MR. LOCHNER replied that the federal government indicated it is amenable to those waivers. ABO listed the waivers in the grant program and description, Initial Proposal, Volume II. Although the federal government liked the waivers, they requested that ABO submit them after the grant program. He expressed his anticipation for submitting the waivers on a case-by-case basis as the applications come in.

[2:30:34 PM](#)

MR. LOCHNER moved to slide 10, The NBAM/ABO Map: Bethel Area Detail. He said that NTIA gave the Bethel Native Corporation an award to build fiber to and within Bethel. This development will change the dot color on the map to light blue, indicating a "project." He pointed out that ABO needs to provide 100Mbps to the communities outlined in orange and is evaluating the appropriate technology, noting fiber is not a feasible option due to remoteness. He said microwave, low earth orbit (LEO) satellite, or geosynchronous (GEO) satellite technologies would most likely serve these communities.

[2:32:14 PM](#)

MR. LOCHNER moved to slide 11, The NBAM/ABO Map: Anchorage. Despite the classification Anchorage has as a "served" community, the map displayed pockets of "underserved" locations within the municipality. He pointed out specific areas of

“unserved” locations, too, such as Rabbit Creek, Bear Valley, and Post Road. He emphasized that part of the ABO Internet charter is to provide Internet to all. All communities will be served.

[2:33:04 PM](#)

SENATOR GIESSEL commented that she will tell the residents of Rabbit Creek that there is hope on the horizon, and the same applies to Rainbow Valley.

[2:33:23 PM](#)

MR. LOCHNER continued speaking to slide 11, stating that ABO would request waivers for the areas on the map outlined in lighter-colored polygons. It is foreseeable that residents getting a 75 cents on the dollar subsidy will have better means to build in dense population areas within Anchorage. He said that is not the case outside these dense population areas.

[2:33:58 PM](#)

MR. LOCHNER moved to slide 12, which showed a timeline chart divided into two main categories: the Grant Program Approval Process and the Running of the Grant Program. He reviewed these two categories on slide 12, BEAD Milestone Dates & ABO Timeline:

Grant Program Approval Process (Initial Proposal Volume 2)

There are four 30-day segments from February 2024 to May 30, 2024.

- Public Review of BSLs
- Challenge Period
- ISP Rebuttal Period
- ABO Mediate Period

Running of the Grant Program (Final Proposal)

This category pertained to two periods:

Interested Parties Application Period

- Grant Opportunities Posted June 2024
- This 120-day grant period ran from June to the end of September.
- Grant Applications Due October 2024

Alaska Broadband Office Application Review and Grading

- 90-day review and grading period
- Grant awards announced January 2025

[2:36:57 PM](#)

MR. LOCHNER moved to slide 13 and compared the financial and operational considerations of four common technologies: fiber, microwave, low earth orbit (LEO) satellite, and geosynchronous (GEO) satellite. He said a positive outcome of House Bill 363 (ch. 52, SLA 22) was the implementation of the Statewide Broadband Advisory Board and the Technical Working Group. The Statewide Broadband Advisory Board convenes monthly to provide advice to ABO. The Technical Working Group evaluates technologies and prioritizes them based on their usefulness for the Alaskan experience. The chart on slide 13 reads:

[Original punctuation provided.]

Comparison of Technologies

	Fiber
Consideration - Financial	
Initial CapEX	\$1.5 to \$2.8 Billion ¹
Ongoing O&M	\$84 Million/Year (est.)
Services Cost	\$99.00 - \$10,000/Month
Consideration - Operational	
Residential Service Ready	Yes: Optimal
Medical Service Ready	Yes: Optimal
Weather Impacted	No
Useful Life	25 Years
Capacity (Terabits/second)	30
Synchronous Service	Yes
Meets FCC's Proposed 100/100Mbps Service	Yes
Latency	2 - 60 ms
Oversubscription Needed	1:1 to 5:1

1. Statewide build

	Microwave
Consideration - Financial	
Initial CapEX	~\$0.4 to \$1.5 Million/Site ²
Ongoing O&M	\$150 to \$250 Thousand/Site/year
Services Cost	\$99.00 - \$10,000/Month
Consideration - Operational	
Residential Service Ready	Yes: Optimal
Medical Service Ready	Yes: Optimal
Weather Impacted	Yes
Useful Life	5 Years

Capacity (Terabits/second)	0.01
Synchronous Service	Yes
Meets FCC's Proposed 100/100Mbps Service	Yes
Latency	40 - 60 ms
Oversubscription Needed	10:1 to 20:1

2. Microwave site needed every 30 - 60 miles

Low Earth Orbit (LEO) Satellite

Consideration - Financial

Initial CapEX	\$1.4 to \$3.0 Billion
Ongoing O&M	\$500 Million/Year (est.) ³
Services Cost	\$99.00 to \$10,000/Month

Consideration - Operational

Residential Service Ready	Yes: Optimal
Medical Service Ready	No: Occasional Poor Satellite Coverage
Weather Impacted	Yes
Useful Life	5 Years
Capacity (Terabits/second)	3
Synchronous Service	No
Meets FCC's Proposed 100/100Mbps Service	No
Latency	40 - 60 ms
Oversubscription Needed	20:1 to 100:1

3. Replacement of LEO satellites every 5 years

Geosynchronous (GEO) Satellite

Consideration - Financial

Initial CapEX	\$150 to \$250 Million
Ongoing O&M	\$100 to \$350 Thousand/Year (est.)
Services Cost	\$99.00 - \$10,000/Month

Consideration - Operational

Residential Service Ready	Yes: Optimal
Medical Service Ready	No: High Latency
Weather Impacted	Yes
Useful Life	20 Years
Capacity (Terabits/second)	0.15
Synchronous Service	No
Meets FCC's Proposed 100/100Mbps Service	No
Latency	600 - 800 ms
Oversubscription Needed	20:01

[2:38:17 PM](#)

MR. LOCHNER moved to slide 14. He said the Digital Equity Plan requires that installed broadband is useful and safe and does not cause further problems for the users of the eight-covered populations. He said the plan is robust and has specific key performance indicators. Slide 14 reads:

[Original punctuation provided.]

Understanding the Digital Equity Need

- State of Alaska Digital Equity Plan completed by the January 28, 2024 deadline
- The plan will be a key feature in the Digital Equity Capacity Grant Notice of Funding Opportunity.
- The plan was developed through a statewide Digital Equity outreach by the Rasmuson Foundation, Alaska Federation of Natives, Alaska Municipal League, and many other non-profits and individuals.

[2:39:04 PM](#)

MR. LOCHNER moved to slide 15, stating that ABO had 196 listening sessions and sometimes hosted multiple sessions within a community to engage with the eight covered populations:

[Original punctuation provided.]

Digital Equity - Outreach

In 2022 and 2023 there were 196 Digital Equity Listening Sessions to reach the Covered Populations in the following communities:

Akiachak, Akiak, Alakanuk, Ambler, Anchorage, Bethel, Chitina, Cooper Landing, Cordova, Crooked Creek, Dillingham, Eagle River/Chugiak, Eureka, Fairbanks, Galena, Gambell, Glacier View (virtual), Healy, Homer, Houston, Hydaburg, Juneau, Kake, Kasigluk, Kenai, Ketchikan, Klawock, Kobuk, Kodiak, Kongiganak, Kotzebue, Kwethluk, Lake Louise/Eureka, Lime Village, Manokotak, McGrath, Mekoryuk, Nanwalek, Napakiak, Napaskiak, Nenana, Newtok, Nome, Noorvik, North Pole, Palmer, Pilot Station, Point Lay, Quinhagak, Russian Mission, Saint Mary's, Savoonga, Seldovia, Seward,

Sitka, Sleetmute, Soldotna, Talkeetna, Teller, Tok, Toksook Bay, Tununak, Tyonek, Unalaska, Utqiagvik, Valdez, Wasilla, Wrangell, Yakutat

[2:39:35 PM](#)

MR. LOCHNER moved to slide 16, showing a chart of key performance indicators (KPIs) for the eight covered populations and the NTIA-required areas. ABO extracted this chart directly from its Digital Equity Plan, and the numbers serve as reference points. Slide 16 reads:

[Original punctuation provided.]

Understanding the Digital Equity Need

Matrix of Key Performance Indicators (KPI) to Requirements

**a.
Affordability of access to
fixed and wireless
broadband technology**

**KPI Reference numbers from the
State of Alaska Digital Equity Plan**

1. Individuals with a Language Barrier	2.3.1.
2. Incarcerated Individuals	2.4.2.(B)
3. Individuals with Disabilities	2.3.1.
4. Individuals in Low-Income Households	2.3.1.
5. Aging Individuals	2.3.1.
6. Veterans	2.3.1.
7. Racial and Ethnic Minorities	2.3.1.
8. Individuals Primarily Living in Rural Areas	2.3.1.

[2:39:41 PM](#)

**b.
The online accessibility
and inclusivity of public
resources and services**

**KPI Reference numbers from the
State of Alaska Digital Equity Plan**

1. Individuals with a Language Barrier	2.3.5.
2. Incarcerated Individuals	2.3.5.
3. Individuals with Disabilities	2.3.5.
4. Individuals in Low-Income Households	2.3.5.
5. Aging Individuals	2.3.5.

- 6. Veterans 2.3.5.
- 7. Racial and Ethnic Minorities 2.3.5.
- 8. Individuals Primarily Living in Rural Areas 2.3.5.

**c.
Digital Literacy**

**KPI Reference numbers from the
State of Alaska Digital Equity Plan**

- 1. Individuals with a Language Barrier 2.3.4.
- 2. Incarcerated Individuals 2.4.2.(B)
- 3. Individuals with Disabilities 2.3.4.
- 4. Individuals in Low-Income Households 2.3.4.
- 5. Aging Individuals 2.3.4.
- 6. Veterans 2.3.4.
- 7. Racial and Ethnic Minorities 2.3.4.
- 8. Individuals Primarily Living in Rural Areas 2.3.4.

[2:39:44 PM](#)

**d.
Awareness of, and the
use of, measures to
secure the online with
respect to, an individual**

**KPI Reference numbers from the
State of Alaska Digital Equity Plan**

- 1. Individuals with a Language Barrier 2.3.2.
- 2. Incarcerated Individuals N/A
- 3. Individuals with Disabilities 2.3.2.
- 4. Individuals in Low-Income Households 2.3.2.
- 5. Aging Individuals 2.3.2.
- 6. Veterans 2.3.2.
- 7. Racial and Ethnic Minorities 2.3.2.
- 8. Individuals Primarily Living in Rural Areas 2.3.2.

**e.
Availability and affordability
of consumer devices and
technical support for those
devices**

**KPI Reference numbers from the
State of Alaska Digital Equity Plan**

1. Individuals with a Language Barrier	2.3.3.
2. Incarcerated Individuals	2.4.2(C)
3. Individuals with Disabilities	2.3.3.
4. Individuals in Low-Income Households	2.3.3.
5. Aging Individuals	2.3.3.
6. Veterans	2.3.3.
7. Racial and Ethnic Minorities	2.3.3.
8. Individuals Primarily Living in Rural Areas	2.3.3.

[2:40:35 PM](#)

MR. LOCHNER moved to slide 17, which provided estimates for the Digital Equity Milestone Dates and the ABO Timeline:

- End of January 2024
State of Alaska Digital Equity Plan completed
- End of March 2024
NTIA Publishes Digital Equity Capacity Grant Notice of Funding Opportunity (NOFO) (estimated)
and
State responds to the Digital Equity Capacity Grant NOFO to develop subgrants (estimated timeline)
- Beginning of June 2024
NTIA Publishes Digital Equity Competitive Grant NOFO (estimated)
and
Public responds to Digital Equity Competitive Grants NOFO (estimated timeline)
- Beyond June 2024
Further updates to the calendar post availability of the Capacity Grant NOFO

[2:41:19 PM](#)

MR. LOCHNER moved to slide 18 to discuss workforce development, which is the key feature of both the BEAD and Digital Equity Programs:

[Original punctuation provided.]

BEAD and Digital Equity -- Workforce Development

The ABO is engaging and partnering with a broad range of entities to develop an Alaska Broadband Workforce

Development Plan that will intersect both the BEAD Program and the Digital Equity Plan.

The plan identifies three goals and five strategies.

Alaska Workforce Development Plan Goals:

1. Increase the number of Alaskans qualified to fill broadband construction and operations occupations,
2. Develop a diverse and inclusive regional broadband industry workforce, and
3. Strengthen and expand post-deployment capacity for residents to learn about and navigate education, training, and career opportunities, including self-employment, available using high-speed broadband access.

[2:42:52 PM](#)

MR. LOCHNER moved to slide 19, which lists five workforce development strategies:

[Original punctuation provided.]

BEAD and Digital Equity -- Workforce Development (cont.)

Alaska Broadband Workforce Development Plan Strategies:

1. Implement the Broadband Workforce Development Plan and build a sustainable, standards-based program, with a focus on public-private partnerships to produce a highly skilled and technically trained workforce that can meet industry labor supply challenges,
2. Build on the existing construction industry training and workforce efforts,
3. Increase career awareness and information about telecommunications occupations and employment,
4. Increase education and training programs that prepare students and adults for apprenticeship and entry-level employment in telecommunications occupations, and

5. Put in place recruitment, training, and employment efforts focused on historically underrepresented groups.

[2:43:08 PM](#)

CHAIR DUNBAR asked whether the ABO workforce development plan is funded.

MR. LOCHNER replied that a percentage of the \$1 billion BEAD funding is available for implementing workforce development and improvement, and some funding is available to cover administrative fees.

CHAIR DUNBAR commented that is good to hear.

[2:43:58 PM](#)

CHAIR DUNBAR sought confirmation that though federal dollars fund these mega projects in Alaska, the State will not own them. Instead, the State has grants for entities like GCI, Cordova Telecom Cooperative, and nonprofits. He expressed his understanding that, ultimately, those entities will own these assets.

MR. LOCHNER replied that is correct.

Chair Dunbar remarked that the State is essentially granting these entities natural monopolies in each area. He inquired about the long-range plan to prevent these entities from engaging in price gouging after the federal government funds the building of their assets.

MR. LOCHNER replied that is a significant challenge. He said short of legislative action, there is not a function within the Alaska Broadband Office (ABO) to prevent it.

[2:45:13 PM](#)

CHAIR DUNBAR sought confirmation that these entities are not regulated like utilities.

MR. LOCHNER replied that broadband was regulated before it was deregulated seven years ago. Legislative action is required to change the status of broadband regulation.

[2:45:32 PM](#)

SENATOR GRAY-JACKSON drew attention to Digital Equity - Outreach on slide 15 and asked about the digital outreach efforts in the

eastern Aleutians. She noted that she did not see the Akutan and King Salmon communities on the list.

MR. LOCHNER replied that he would get back to the committee on that. He stated that ABO reached out to Atka, Adak, and several of the Aleutians East communities, not on the digital equity side but on the BEAD side. ABO generally conducted outreach via Zoom or during events when residents traveled to town for the Alaska Federation of Natives (AFN) convention and other conferences.

[2:46:59 PM](#)

There being no further business to come before the committee, Chair Dunbar adjourned the Senate Labor and Commerce Standing Committee meeting at 2:46 p.m.