

**ALASKA STATE LEGISLATURE**  
**SENATE RESOURCES STANDING COMMITTEE**

January 31, 2024

3:30 p.m.

**MEMBERS PRESENT**

Senator Cathy Giessel, Co-Chair  
Senator Bill Wielechowski, Vice Chair  
Senator Scott Kawasaki  
Senator James Kaufman  
Senator Forrest Dunbar

**MEMBERS ABSENT**

Senator Click Bishop, Co-Chair  
Senator Matt Claman

**COMMITTEE CALENDAR**

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 125(RES)

"An Act relating to trapping cabins on state land; and relating to trapping cabin permit fees."

- HEARD & HELD

SB 198 STATE LAND FOR REMOTE REC CABIN SITES

- HEARD & HELD

EO 128 SEPARATING THE BOARD OF DIRECTORS OF THE ALASKA ENERGY AUTHORITY FROM THE BOARD OF DIRECTORS OF THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

- HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 125

SHORT TITLE: TRAPPING CABINS ON STATE LAND

SPONSOR(s): RESOURCES

03/20/23	(H)	READ THE FIRST TIME - REFERRALS
03/20/23	(H)	RES, FIN
03/27/23	(H)	RES AT 1:00 PM BARNES 124
03/27/23	(H)	Heard & Held

03/27/23	(H)	MINUTE (RES)
03/29/23	(H)	RES AT 1:00 PM BARNES 124
03/29/23	(H)	Heard & Held
03/29/23	(H)	MINUTE (RES)
04/03/23	(H)	RES AT 1:00 PM BARNES 124
04/12/23	(H)	RES AT 1:00 PM BARNES 124
04/12/23	(H)	Moved CSHB 125 (RES) Out of Committee
04/12/23	(H)	MINUTE (RES)
04/14/23	(H)	RES RPT CS (RES) 7DP 2NR
04/14/23	(H)	DP: MEARS, ARMSTRONG, DIBERT, SADDLER, WRIGHT, RAUSCHER, MCKAY
04/14/23	(H)	NR: MCCABE, PATKOTAK
04/27/23	(H)	FIN AT 1:30 PM ADAMS 519
04/27/23	(H)	Heard & Held
04/27/23	(H)	MINUTE (FIN)
05/04/23	(H)	FIN AT 1:30 PM ADAMS 519
05/04/23	(H)	Moved CSHB 125 (RES) Out of Committee
05/04/23	(H)	MINUTE (FIN)
05/08/23	(H)	FIN RPT CS (RES) 8DP 1AM
05/08/23	(H)	DP: TOMASZEWSKI, CRONK, ORTIZ, GALVIN, STAPP, EDGMON, D.JOHNSON, FOSTER
05/08/23	(H)	AM: JOSEPHSON
05/13/23	(H)	TRANSMITTED TO (S)
05/13/23	(H)	VERSION: CSHB 125 (RES)
05/15/23	(S)	READ THE FIRST TIME - REFERRALS
05/15/23	(S)	RES, FIN
01/24/24	(S)	RES AT 3:30 PM BUTROVICH 205
01/24/24	(S)	Heard & Held
01/24/24	(S)	MINUTE (RES)
01/31/24	(S)	RES AT 3:30 PM BUTROVICH 205

**WITNESS REGISTER**

PETER BUIST, Former President, Founding Member  
 Alaska Trappers Association (ATA)  
 Fairbanks, Alaska  
**POSITION STATEMENT:** Testified in support of HB 125.

AL BARRETTE, Member  
 Alaska Board of Game  
 Fairbanks, Alaska  
**POSITION STATEMENT:** Testified in support of HB 125.

JOHN BOYLE, Commissioner  
 Alaska Department of Natural Resources (DNR)  
 Anchorage, Alaska

**POSITION STATEMENT:** Introduced SB 198 on behalf of the administration.

CHRISTY COLLES, Director  
Division of Mining, Land and Water (DMLW)  
Department of Natural Resources (DNR)  
Anchorage, Alaska

**POSITION STATEMENT:** Provided an overview of the presentation on SB 198.

CURTIS THAYER, Executive Director  
Alaska Energy Authority  
Anchorage, Alaska

**POSITION STATEMENT:** Presented EO 128 on behalf of the administration.

PARKER PATTERSON, Senior Assistant Attorney General  
Department of Law  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions on the constitutionality of EO 128.

EMILY NAUMAN, Director  
Legal Services  
Legislative Affairs Agency  
Juneau, Alaska

**POSITION STATEMENT:** Provided the objection to EO 128 on behalf of Legal Services.

RANDY RUARO, Executive Director  
Alaska Industrial Development and Export Authority (AIDEA)  
Anchorage, Alaska

**POSITION STATEMENT:** Commented on EO 128.

#### **ACTION NARRATIVE**

[3:30:50 PM](#)

**CO-CHAIR CATHY GIESSEL** called the Senate Resources Standing Committee meeting to order at 3:30 p.m. Present at the call to order were Senators Wielechowski, Dunbar, Kaufman, Kawasaki, and Co-Chair Giessel.

#### **HB 125-TRAPPING CABINS ON STATE LAND**

[3:31:59 PM](#)

CO-CHAIR GIESSEL announced the consideration of CS FOR HOUSE BILL NO. 125(RES) "An Act relating to trapping cabins on state land; and relating to trapping cabin permit fees."

[3:32:21 PM](#)

CO-CHAIR GIESSEL opened public testimony.

[3:32:47 PM](#)

PETER BUIST, Former President, Founding Member, Alaska Trappers Association (ATA), Fairbanks, Alaska, testified in support of HB 125. Forty years ago as President of ATA, he worked with former Alaska State Representative Red Swanson to introduce the original legislation that addressed the critical need for trappers to obtain critical winter shelter on state land trap lines. Later, as a former Department of Natural Resources (DNR) employee, he helped administer the first trapper construction permit. It has been a popular permit, experiences scarce abuse, and helps prevent trespassing cabin issues. It is supported by both urban and rural trappers among ATA members. There is common support around the need for effective and lifesaving winter shelter for all long trap line trappers. Over the years, it has become known to the trapping community and DNR that legislative changes are necessary. ATA worked in concert with DNR to craft legislation to address most administrative problems that have recently impacted the program. Almost ten years ago, DNR determined that statute would not allow the renewal of trapping permits, creating a web of problems. The new legislation allows renewals, increases the yearly permit fee, and recovers security to the permitting system. Concerns about the practicality and unfairness of recreational use during off-cabin season have been expressed.

[3:35:50 PM](#)

MR. BUIST stated that trapper shelters contain firewood, food, gear, and other life-saving materials during the winter trapping season. Allowing recreational use could put the permitted trapper in a bad situation and result in liability issues. The use of cabins for trapping is already established in statute, so allowing alternative uses would create an increase in demand and a plethora of problems.

[3:36:46 PM](#)

AL BARRETTE, Member, Alaska Board of Game, Fairbanks, Alaska, testified in support of HB 125. He noted that although he is a member of the Alaska Board of Game, his testimony does not represent the agency. Southcentral and Interior Alaska are experiencing below-freezing temperatures, but a great number of

trappers depend on a warm and dry place to stay during trapping activities. The expansion of urban populations has pushed trappers to more remote areas.

[3:38:13 PM](#)

CO-CHAIR GIESSEL closed public testimony.

[3:38:23 PM](#)

CO-CHAIR GIESSEL held HB 125 in committee.

#

~~^#sb195~~

**SB 198-STATE LAND FOR REMOTE REC CABIN SITES**

[3:38:29 PM](#)

CO-CHAIR GIESSEL announced the consideration of SENATE BILL NO. 198 "An Act relating to the permitting, lease, and sale of state land for remote recreational cabin sites; and providing for an effective date."

[3:38:39 PM](#)

CO-CHAIR GIESSEL announced invited testimony.

[3:39:04 PM](#)

JOHN BOYLE, Commissioner, Alaska Department of Natural Resources (DNR), Anchorage, Alaska, introduced SB 198 on behalf of the administration.

He presented the briefing statement:

[Original punctuation provided.]

SB 198/HB 281 would repeal and reenact the existing Remote Recreational Cabin Site (RRCS) staking program statute in AS 38.05.600 to increase opportunities for Alaska residents to permit, lease, and purchase state land for a remote recreational cabin site. The bill outlines a process to be followed when the commissioner offers available land and the ability for the public to nominate land to be permitted, leased, or purchased and directs the commissioner to establish regulations to implement the program.

The bill provides for the commissioner to annually identify areas where land is properly classified, publish and provide public notice for an annual schedule of land offerings suitable for remote recreational sites, and offer those lands for staking.

It also allows Alaskans to nominate 10 acres of unencumbered land for remote recreational sites to be staked by an eligible participant. The commissioner could then approve the nomination without a written best interest finding. If the nominated land is not properly classified, the commissioner may classify or reclassify it per existing statutes. Still, the applicant is responsible for administrative costs associated with the classification process. After approval, the applicant who nominated the land would have 90 days to stake the parcel or the land may be included in the annual land offering.

The bill would establish a process for Alaskans to stake and purchase a piece of state land for a remote recreational site. This process requires the applicant to pay the costs for appraisal, survey, and platting the site and for the commissioner to set the sale price at fair market value.

The bill would establish a process for leasing a remote recreational site with an initial 10-year term and two additional 10-year lease renewal periods. Leases may not be assigned, allowing for the termination of leases for non-compliance. The lessee may purchase the site at any time during the lease.

The bill would provide for a permit to be issued for a remote recreational site for a 5-year term with four additional 5-year renewal periods. The permits may not be assigned and would be revocable at the discretion of the commissioner and may be terminated for any reason, including failure to use the permitted land as required by the terms of the permit. The permittee would be eligible to lease or purchase the site, and if the land subject to the permit is offered for sale or lease, the commissioner shall first offer the site to the permittee.

The bill would provide that if a permit or lease is terminated, improvements or personal property remaining on the land would be handled as provided in AS 38.05.090.

This bill will increase the availability of land for recreational use and help make land available to Alaskans.

[3:42:36 PM](#)

MR. BOYLE said SB 198 establishes the process for leasing a remote recreational site with an initial ten-year term and two additional ten-year term lease renewal periods. The bill would grant residents who lack the financial means the ability to purchase costly lands or survey an opportunity to experience a cabin lifestyle. However, SB 198 maintains a lease termination provision for non-compliance. The bill would provide for permit issuing for a remote recreational with a five-year term with four additional five-year periods, but a permit may be terminated by the commissioner for any reason including failure to use the permitting land as required by the terms. If land subject to the permit is offered for leasing sale, the commissioner shall first offer the land site to the permittee. If a permit or lease is terminated, improvements or personal property remaining on the land would be managed by the state as provided under AS 38.05.090. In summary, the bill is designed to increase availability of recreational land for Alaskans.

[3:44:53 PM](#)

CHRISTY COLLES, Director, Division of Mining, Land and Water (DMLW), Alaska Department of Natural Resources (DNR), Anchorage, Alaska, provided an overview of the presentation on SB 198. She spoke to slide 2:

[Original punctuation provided.]

### **Purpose**

#### **Article VIII, Section 1 of the Alaska Constitution states:**

*It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest.*

- HB 281 will provide Alaskans a variety of opportunities to utilize and own state land for recreational purposes
- The bill aligns with the Governor's priority to put Alaska land into Alaskan hands

[3:45:20 PM](#)

MS. COLLES moved to slide 3 and highlighted an overview of the leasing process:

[Original punctuation provided.]

### **Overview**

- The Department of Natural Resources (DNR) will annually publish a list of lands available to stake for a Remote Recreational Cabin Site (RRCS)
- Individuals can nominate 10 acres of unencumbered state land not included in the annual state offering for RRCS
- Lands may be classified or reclassified
- Multiple ways to procure a site:
  - Permit
  - Lease
  - Purchase

MS. COLLES added that SB 198 would direct the commissioner to manage the leasing operation. If nominated land is not properly classified, the commissioner may classify or reclassify land per existing statutes. The applicant would be responsible for administrative costs associated with the reclassification process. After approval, the applicant who nominated the land would have 90 days to stake the parcel or the state may include the land in its annual land offering.

[3:46:40 PM](#)

MS. COLLES moved to slide 4 and listed specific authorization types:

[Original punctuation provided.]

### **SB 198 - Permits**

- Establishes a process for permitting
  - Up to 10 acres for nominated lands, department sets acreage for offered lands
  - 5-year term; four renewals for 5-year terms
  - Revocable at will and may not be assigned
  - Fees established under AS 38.05.073(m)
  - May be terminated for any reason
- Permit holder may apply to lease or purchase

[3:47:21 PM](#)

MS. COLLES moved to slide 5 and listed leasing options:

[Original punctuation provided.]

**SB 198 - Leasing**

- Process for leasing a remote recreational site
  - 10 acres for nominated lands
  - 10-year leasing period; two renewals for 10-year terms
  - Restricts assignment of a lease
  - Fees established under AS 38.05.073(m)
  - Termination of lease for non-compliance
  - May purchase the site during the term of the lease

[3:47:47 PM](#)

SENATOR WIELECHOWSKI asked for an explanation of the current leasing process and how SB 198 would change it.

[3:47:58 PM](#)

MS. COLLES replied that DMLW puts out a stake land offering every other year. If more than twenty people apply, a drawing is conducted to determine who can proceed. Price per acre could differ depending on whether land is on a lake. Once the survey and appraisal are completed, an applicant can either make payments over 20 years or purchase the property in full. Once the property is paid for, a land patent is ensued.

[3:49:12 PM](#)

SENATOR WIELECHOWSKI asked whether there is a maximum number of acres allowed for a lease purchase. He also asked how the bill would fundamentally change this process.

[3:49:29 PM](#)

MS. COLLES said the maximum acreage limit is determined based on location and comprises 5-20 acres for any current sales. There are currently no permitting or leasing programs, so there's an inability to renew a lease. SB 198 seeks to change this provision to allow renewals and exempt the best interest finding requirement, while maintaining the decision component and public notice requirement per statute.

[3:50:46 PM](#)

SENATOR DUNBAR questioned why the best interest finding would be removed under SB 198. Several members would like more public use cabins made available, especially for families who may not have the financial means under the standard program. He wondered how the privatization of state lands would impact terms of a public

use cabin and whether the state could recover the property at a future date.

[3:52:04 PM](#)

MS. COLLES replied that there are other exempt authorizations under statute AS.30.05.035(e) with regard to the best interest finding. DNR would still write a decision that is less prescriptive than what is in current statute and would streamline the ability for Alaskans to obtain land. Public use cabins are primarily managed by the Division of Parks and Outdoor Recreation (DPOR), as DMLW does not have enough manpower to monitor cabins for safety protocols. Typically, available cabins are requested by a non-profit organization to establish a reservation system for public use. Division of Land, Mining and Water could potentially review public purpose in the future. Under statute, if someone abandons a structure on state land it becomes state property. Profit from the cabin is refunded and sold by the department if it is over a certain dollar amount.

[3:54:09 PM](#)

MR. BOYLE added that DNR is supportive of expanding its network of public use cabins. As DNR looks at park units to expand, the focus is generally on locations adjacent to urban centers and roads that allow relatively easy access.

[3:55:15 PM](#)

SENATOR DUNBAR opined that some of the available lands pinpointed on the map on slide 8 are in desirable locations. He wondered if a mechanism exists to allow DPOR to consider some of these lands for public use.

[3:56:15 PM](#)

MS. COLLES replied that the map on slide 8 shows classified settlement lands which include some lands on the road system. She said this classification is used for both the remote recreational program and the subdivision program, which is primarily used for auction sales. DMLW works with DCOR on non-LDA (Limited Development Area) areas that are managed for public use.

[3:57:22 PM](#)

SENATOR KAWASAKI wondered how much time is required to complete the steps before a decision is made.

[3:58:06 PM](#)

MS. COLLES responded that in a two-step decision, a draft outlining information needed for a final decision is required

before going to the public, which is time-consuming and requires a lot of research. The process is complex, so hiring and training new personnel mandates additional time. Public comments are also made and addressed before a final decision is written. In a one-step decision, DNR informs the public of actions considered by the department and the public could in turn make comments. The public maintains the right to appeal, but the new process streamlines the two-step decision.

[3:59:39 PM](#)

SENATOR KAWASAKI asked if the potential replacement of AS 38.05.035(e) with the record decision would allow sufficient time for DNR to review information about the area and whether the public would have the opportunity to make public comment twice.

[4:00:31 PM](#)

MS. COLLES explained that the first step is DNR investigates and then offers public comment on what it has considered. After public comments are made and additional information is gathered, the department develops a draft, sends it to the applicant, then the applicant process can occur.

[4:01:43 PM](#)

MS. COLLES continued to slide 6 and highlighted the purchasing process:

[Original punctuation provided.]

#### **SB 198 - Purchase**

- Process for purchase of state land for RRCS
  - 10 acres for nominated lands
  - Purchase price set at fair market value
    - Purchase of permitted and leased sites appraisal will be set at time of entry
  - Applicant must pay for appraisal, survey, and platting

[4:02:02 PM](#)

MS. COLLES moved to slide 7 showcasing a map of state-owned land. She noted that the blue category represents state-owned land that is classified through the planning process and undergoes agency and public engagement. Classification of state land assists the DNR in making decisions on development and disposal. The department is required to classify lands prior to disposal. The settlement classification is lands identified for

disposal that will move to private ownership. If land is not designated as settlement, reclassification could be considered under current law. If new information surfaces, a process is undertaken for other authorizations.

[4:03:24 PM](#)

MS. COLLES moved to slide 8 showing statewide settlement lands. She noted that there are approximately three-and-a-half million acres classified as settlement lands in Alaska.

[4:03:49 PM](#)

SENATOR KAWASAKI asked why certain lands were identified as settlement lands.

[4:04:09 PM](#)

MS. COLLES replied that DNR works with local communities and the public in the planning process, so there may have been specific reasons for identifying certain locations as settlement lands. Some of the area plans are over 20 years old, but updates may take two-to-five years to occur.

[4:05:11 PM](#)

SENATOR DUNBAR asked if there's a limit on the number of days per year a person is allowed at a cabin before it becomes classified as a permanent residence. He sought clarification on the definition of recreational sites.

[4:05:52 PM](#)

MS. COLLES replied that there's no statutory definition for recreational sites. The DNR would not prevent an individual from living in one of the cabins. The difference between a remote recreational area and a subdivision area is the type of access available. Recreational sales include limited vehicle access whereas subdivision sales are right off the road. The department is considering a recreation opportunity for the route, which would be further from the road and generally less costly due to limited access.

[4:07:11 PM](#)

SENATOR DUNBAR opined that the "recreational" definition is arbitrary, since these are simply remote cabins.

[4:07:33 PM](#)

MS. COLLES responded that is correct, but one caveat with remote recreational sites is that if they are leased, they cannot be used for commercial purposes. Once a cabin is sold, there is no

covenant on it, so the ability to monitor activities is difficult.

[4:08:14 PM](#)

SENATOR WIELECHOWSKI asked if the definition of available state land is indicated by the blue dots on the map on slide 8.

[4:08:43 PM](#)

MS. COLLES replied yes, but the definition must not be encumbered.

[4:09:12 PM](#)

SENATOR WIELECHOWSKI asked for a definition of available state land.

[4:09:21 PM](#)

MS. COLLES said there are currently no existing rights to the land.

[4:09:35 PM](#)

SENATOR WIELECHOWSKI asked Ms. Colles to confirm there are three million acres of available state land.

[4:09:50 PM](#)

MS. COLLES confirmed that is correct.

[4:10:02 PM](#)

MS. COLLES continued to slide 9 showing a Northern Region settlement land map, which includes over 1.3 million acres but is a small portion of state lands.

[4:10:28 PM](#)

MS. COLLES moved to slide 10 demonstrating Southcentral region settlement lands, which includes over 2.1 million acres.

[4:10:34 PM](#)

MS. COLLES moved to slide 11 demonstrating Southeast region settlement land, which includes over 66 thousand acres.

[4:10:58 PM](#)

MS. COLLES moved to the sectional analysis on slide 12:

[Original punctuation provided.]

### **Sectional Analysis**

- **Section 1:** Amends uncodified law to add a statement of purpose.
- **Section 2:** Amends AS 38.05.035(e) to add a new (e)(6)(I) exempting remote recreational cabin site permits, leases, or sales from requiring a written best interest finding before approval.
- **Section 3:** Amends AS 38.05.045 to add that this statute does not prevent the disposition of land as provided in AS 38.05.600.

[4:11:56 PM](#)

MS. COLLES moved to slide 13 and continued the sectional analysis through slide 15.

[Original punctuation provided.]

**Sectional Analysis, cont.**

- **Section 4:** Amends AS 38.05.065(b) to state that a contract for land sold under AS 38.05.600 adds a requirement for installment payments of no more than 20 years on a level-payment basis at interest rates set by AS 38.05.065(i).
- **Section 5:** Amends AS 38.05.125(a) to add AS 38.05.600 to the list of statutes subject to the reservations laid out in AS 38.05.125(a).
- **Section 6:** Amends AS 38.05.600 by repealing the existing remote recreational site statute and re-enacting it as follows:
  - a) States that the commissioner shall provide for the permitting, lease, and sale of state land for remote recreational sites to eligible applicants, as described in (b) and (c).
  - b) States that the commissioner shall publish an annual schedule of land offerings that lists areas available for staking of remote recreational cabin sites. The department will provide public notice of the annual schedule and applicants may apply for sites.

c) States that eligible applicants may nominate unencumbered land and apply for a permit, lease, or sale of up to 10 acres of state land that is not included in the commissioner's schedule in (b).

d) States that the commissioner may classify or reclassify nominated land. The applicant would be responsible for all administrative costs for reclassification; the department shall provide public notice of the nomination; and if the applicant fails to stake land within 90 days of approval, the commissioner may include the land in the annual schedule of offerings.

[4:14:11 PM](#)

SENATOR WIELECHOWSKI asked if nomination is part of a new process.

[4:14:16 PM](#)

MS. COLLES said that is correct. There is no nomination for the public to identify and stake a specific area.

[4:14:35 PM](#)

SENATOR WIELECHOWSKI asked if the provision noted on slide 15 limits an applicant to one parcel in the state:

c) States that eligible applicants may nominate unencumbered land and apply for a permit, lease, or sale of up to 10 acres of state land that is not included in the commissioner's schedule in (b).

[4:15:01 PM](#)

MS. COLLES replied that an eligible applicant can only participate once every ten years.

[4:15:21 PM](#)

SENATOR WIELECHOWSKI asked why the commissioner would need to classify or reclassify nominated lands.

[4:15:30 PM](#)

MS. COLLES replied that if land is not already classified settlement, DNR would need to consider whether reclassification is necessary to allow for disposal.

[4:15:50 PM](#)

SENATOR WIELECHOWSKI inquired whether statewide settlement lands indicated on slide 8 could be reclassified.

[4:16:18 PM](#)

MS. COLLES replied yes. Slide 8 showcases lands available for staking without the need to move through the reclassification process, but are not guaranteed.

[4:16:57 PM](#)

SENATOR WIELECHOWSKI referred to slide 9 and asked if locations not shown could be nominated for reclassification.

[4:17:29 PM](#)

MS. COLLES said it is possible.

[4:17:35 PM](#)

SENATOR WIELECHOWSKI asked if the nomination process makes it easy for an applicant to reclassify and acquire land.

[4:17:54 PM](#)

MS. COLLES replied yes, but DNR needs to go through the decision process to determine whether reclassification is appropriate.

[4:18:03 PM](#)

SENATOR WIELECHOWSKI sought confirmation of his understanding that the reclassification process entails a best interest finding.

[4:18:08 PM](#)

MS. COLLES replied that the reclassification process includes a decision process involving public notice and has strict classification requirements.

[4:18:32 PM](#)

SENATOR WIELECHOWSKI asked if there is a best interest finding for that process.

[4:18:38 PM](#)

MS. COLLES replied that she was uncertain whether a best interest finding is included.

[4:18:46 PM](#)

SENATOR WIELECHOWSKI provided a hypothetical scenario involving an applicant nominating land that might block fishing or hunting access. He asked whether that land would go out for public sale or if it would be sold at market value upon approved by the commissioner.

[4:19:32 PM](#)

MS. COLLES replied that an applicant would obtain the land if staked within 90 days.

[4:19:50 PM](#)

SENATOR WIELECHOWSKI stated he finds the process concerning.

[4:20:18 PM](#)

MS. COLLES continued reading the sectional analysis on slide 15 through 18:

[Original punctuation provided.]

**Sectional Analysis, cont.**

c) States that eligible applicants may nominate unencumbered land and apply for a permit, lease, or sale of up to 10 acres of state land that is not included in the commissioner's schedule in (b).

d) States that the commissioner may classify or reclassify nominated land. The applicant would be responsible for all administrative costs for reclassification; the department shall provide public notice of the nomination; and if the applicant fails to stake land within 90 days of approval, the commissioner may include the land in the annual schedule of offerings.

e) Sets a permit term and renewals. Permits are revocable and may be terminated. The permittee is eligible to lease or purchase the site, and if land subject to the permit is offered for sale or lease, the commissioner shall first offer the site to the permittee.

f) Sets a lease term and renewals. Provides the ability to terminate if a lessee fails to use the land according to the terms of the lease. Allows a purchase right during the lease.

g) Annual fees for permits and leases shall be set in accordance with AS 38.05.073(m). After the termination of a permit or lease, improvements or personal property remaining on the land shall be handled as provided in AS 38.05.090. A lease or permit may not be assigned.

h) Sales must be at fair market value at the time of entry, and the purchaser must pay the costs of appraisal, survey, and platting.

i) Allows for adoption of regulations to implement this section.

j) Provides definitions for "eligible applicant" and "resident".

- **Section 7** - Amends the uncodified law by adding a new section relating to transition, stating that a lease executed under AS 38.05.600 before the effective date of this act and in effect on the effective date of this act is eligible for renewal under AS 38.05.600 as repealed and reenacted in Section 6 of this bill.

- **Section 8** - Provides for an immediate effective date under AS 01.10.070(c).

[4:23:06 PM](#)

SENATOR DUNBAR asked if there are any building restrictions on eligible cabin sites.

[4:23:25 PM](#)

MS. COLLES replied there are no restrictions in statute.

[4:23:32 PM](#)

SENATOR DUNBAR opined that the definitions imply the sales of land rather than remote or recreational cabins. He asked how many acres per year will be sold under SB 198.

[4:24:17 PM](#)

MS. COLLES said she does not currently have the requested information. However, 1,920 acres were offered in 2023; 1,159 acres were patented in 2007, out of 4,100 available acres; 1,050 acres patented in 2001, so the totals have decreased over the years. Acre sales vary depending on the area, interest, and transportation access.

[4:25:43 PM](#)

MS. COLLES moved to slide 19 on the fiscal note.

[Original punctuation provided.]

### **Fiscal Note**

- FY 2025 \$731.8 (5 positions)
  - One Permanent Full-Time Land Surveyor 1
  - One Permanent Full-Time Natural Resource Manager 1
  - Two Permanent Full-Time Natural Resource Specialists 3
  - One Permanent Full-Time Natural Resource Specialist 2
- These positions will support timely adjudication of the expanded Remote Recreational Cabin Site program applications
- FY 2026-2030 \$706.8 annually

SENATOR DUNBAR asked for the number of positions the DNR currently has for the Remote Recreational Cabin Site program.

[4:26:11 PM](#)

MS. COLLES replied that there is currently one specialist and one manager who oversees the entire program.

[4:26:43 PM](#)

SENATOR DUNBAR asked for confirmation of his understanding that there are two full-time staff and the department is requesting five more, therefore two-and-a-half times more land sold would be per year.

[4:27:10 PM](#)

MS. COLLES replied that DNR is requesting title, surveying, reclassifications, and adjudication staff who are responsible for more than management of the recreation program.

[4:28:10 PM](#)

SENATOR KAWASAKI referenced slide 19 and requested information on each program.

[4:29:31 PM](#)

MS. COLLES replied she would provide the committee with a chart that explains each program.

[4:29:50 PM](#)

SENATOR KAUFMAN asked whether program costs would be covered by the unrestricted general fund (UGF) or if it could be self-funded.

[4:30:25 PM](#)

MS. COLLES replied yes, it is something DNR could consider. The Land Disposal Income Fund is currently used for land sales programs, but additional staffing could not be supported through current funding.

[4:30:19 PM](#)

MS. COLLES replied yes, DNR could consider that proposal. The land disposal income fund is used for the land sales program, but she does not believe additional staffing could be supported with the current fund.

[4:30:53 PM](#)

CO-CHAIR GIESSEL held SB 198 in committee.

**EO 128 SEPARATING THE BOARD OF DIRECTORS OF  
THE ALASKA ENERGY AUTHORITY FROM THE BOARD OF DIRECTORS OF  
THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY**

[4:31:04 PM](#)

CO-CHAIR GIESSEL announced the consideration of EO 128 "An Act Separating the Board of Directors of the Alaska Energy Authority from the Board of Directors of the Alaska Industrial Development and Export Authority."

[4:31:24 PM](#)

CO-CHAIR GIESSEL referred to the legal memo on EO 128 and said the legal finding is that the court would likely find it exceeds the Governor's executive order authority under the Alaska Constitution. The authority of the Governor to issue an executive order arises from the Alaska Constitution art.III, sec.23.

[4:31:58 PM](#)

CO-CHAIR GIESSEL invited the administration to introduce EO 128.

[4:32:23 PM](#)

CURTIS THAYER, Executive Director, Alaska Energy Authority, Anchorage, Alaska, presented EO 128 on behalf of the administration. He provided an overview of a presentation titled, AEA EXECUTIVE ORDER 128 OVERVIEW.

MR. THAYER moved to slide 2 highlighting active programs and services managed by AEA, including Railbelt Energy and the Alaska Intertie. These programs are typically carried out through state grants or state proceeds to benefit

communities in rural Alaska. Over the past three years, \$370 million was invested in the Renewable Energy Fund by the state. There are currently 60 actively managed projects in the early feasibility stage. A third-party reviewed the program's progress over the past 15 years and determined that it successfully displaced 85 million gallons of diesel fuel. AEA also operates the following projects:

- Power Project Loan Fund, which comprises over \$30 million in loans and they've never had a default.
- The two largest solar projects in Alaska: the Houston and Willow solar farm, using the power project loan fund.
- The Governor's Energy Task Force.
- Energy Planning, which is a collaboration with regional partners.

[4:35:44 PM](#)

MR. THAYER moved to slide 4 and provided an overview of EO 128 and its purpose:

[Original punctuation provided.]

**Executive Order 128: The "Why"**

*"As governor, I find that it is in the best interests of efficient administration to separate the membership of the board of directors of the Alaska Energy Authority from the membership of the board of directors of the Alaska Industrial Development and Export Authority." – EO 128*

- **Historical:** From 1976 until 1993, AEA was governed by its own board of directors.
- **Distinct Purpose:** The underlying purposes of AIDEA and AEA are fundamentally different.
- **Unique Mission:** Reduce the cost of energy in Alaska, diversify Alaska's energy portfolio, and increase resiliency, reliability, and redundancy – **and our mission is growing** (owned assets, energy data department).
- **Exponential Growth:** AEA's capital budget has increased over **1,000 percent** in the last four years.

- **Distinct Expertise:** A distinctive set of skills and expertise is required for optimal governance. It is common and appropriate for a single-purpose entity to have a **governing board made up of experts** in the topic area.
- **Staffing:** AEA has 68 PCNs; AIDEA has 31 PCNs; and Shared Services 15 PCNs.

MR. THAYER said it would be appropriate to have a single governing board to manage energy activities. He said AEA has doubled the personnel. AIDEA shares some services with AEA such as accounting, information technology, and human resources functions.

[4:38:19 PM](#)

MR. THAYER moved to slide 5 and spoke to the proposal for a new AEA Board makeup:

[Original punctuation provided.]

#### **New AEA Board Makeup**

As proposed in the Governor's EO 128, **AEA's board membership makeup** would include:

- (1) the **commissioner of commerce, community, and economic development**
- (2) six public members appointed by the governor as follows:
  - (A) one member with expertise or experience in **managing or operating an electric utility that is not connected to an interconnected electric energy transmission network**, as that term is defined in AS 42.05.790;
  - (B) one member with expertise or experience in developing energy projects in **rural communities**;
  - (C) one member with expertise or experience in **managing or operating an electric utility connected to an interconnected electric energy transmission network**, as that term is defined in AS 42.05.790;
  - (D) one member with **financial expertise in large-scale energy project development**; and

(E) two members with expertise or experience in **finance, energy policy, energy technology, engineering, law, or economics.**

MR. THAYER said AEA bonded \$166 million last December. Prior, \$17 million was bonded to secure the Substation and Quartz Creek (SSQ Line).

[4:39:58 PM](#)

SENATOR DUNBAR asked for details on the different member qualifications between Section 2(A) and (B) of the AEA Board make-up proposal.

[4:40:10 PM](#)

MR. THAYER replied that AEA would have one member operating and managing an electrical utility that is not connected to a grid that could be anywhere in SE Alaska, while the other would oversee rural Alaska.

[4:40:39 PM](#)

SENATOR DUNBAR asked for confirmation of his understanding that Kodiak and Ketchikan are not considered rural.

[4:40:44 PM](#)

MR. THAYER confirmed that is correct.

[4:40:56 PM](#)

SENATOR KAUFMAN asked for confirmation of his understanding that there's different expertise in managing operations than executing and developing projects under Section 2(A) and (B) of the AEA Board make-up proposal.

MR. THAYER replied that is correct.

[4:41:21 PM](#)

MR. THAYER moved to slide 6 and listed AEA's funding growth:

[Original punctuation provided.]

#### **AEA's Exponential Growth**

- **AEA has received – and anticipates a substantial increase in** – federal funding from the Infrastructure Investment and Jobs Act (IIJA) and others, over the next several years.
- **Pipeline of federal funding:**

- **\$84 million** awarded (Energy Efficiency Conservation Block Grant, Department of Defense Grant, State Energy Planning Grant, National Electric Vehicle Infrastructure grant, and Grid Resilience 40101(d) Grant)
- **\$573.5 million** conditionally awarded (Grid Resilience and Innovation Partnerships, Energy Efficiency Reconciliation Loan Capitalization Program, and Home Efficiency and Appliance Rebates)
- **\$104 million** competitive applications pending decision (solar for all, wood innovations grant, and energy future grant, and high-energy cost grant)
- Availability of **tax incentives for clean energy projects** and **direct pay reimbursement available for tax exempt entities for the first time.**
- In addition to **AEA's netbook value of \$1.3 billion**, several **large projects** are underway:
  - **\$413 million** to build an undersea High Voltage Direct Current from the Kenai Peninsula to Anchorage
  - **\$342 million** for the Dixon Diversion project (Estimated to offset 1.5 billion cubic feet of natural gas per year in Railbelt power generation)
  - **\$90 million** for Railbelt transmission upgrades

[4:45:03 PM](#)

MR. THAYER moved to slide 7 and spoke to each point:

[Original punctuation provided.]

#### **AEA's Statutory Programs**

- **Alaska Energy Security Task Force:** AEA participated in the development of the Governor's Alaska Energy Security Task Force Report submitted in December 2023.
- **New federal funding diversifies AEA's existing statutory programs and projects portfolio including:**
  - **Rural Power System Upgrades and Bulk Fuel Upgrades:** AEA continues to manage legacy funding for critical rural energy projects and training programs in partnership with the Denali Commission. -

- **Renewable Energy Fund:** AEA also manages this competitive grant program, and has received legislative funding for the last three consecutive fiscal years (over \$37 million). -
- **Alaska Intertie:** AEA-owned transmission asset that saves Fairbanks ratepayers \$37 million annually. -
- **Bradley Lake Hydroelectric Project:** AEA-owned generation asset that provides 10% of Railbelt's energy.
  - o **Required Project Work** is anticipated to utilize the bond proceeds from the \$166 million bond issuance, which are being planned, and will progress in the next several years (transmission and BESS).
  - o New federal funds for **transmission, grid resiliency, and other power projects** may be leveraged by the bond funds to advance energy projects and reduce the cost of energy in the state.
- **Power Cost Equalization:** AEA manages this annual about \$45 million program vital for rural Alaskans.
- **Renewable Energy and Energy Efficiency Programs:** To promote Alaska's clean energy sector, AEA manages biomass, hydro, solar, and wind programs and projects across the state.

[4:46:43 PM](#)

MR. THAYER moved to slide 8, Total Capital Appropriations FY2021 to FY2024 (in thousands). He said this slide references what the AEA budget has done.

[4:46:56 PM](#)

SENATOR DUNBAR said Mr. Thayer did a good job explaining the differences between AEA and AIDEA, and why there should be a separate board. He said the contrast is with the legal opinion provided to the committee that declared provisions under the EO 128 as unconstitutional. He wondered if the Governor or a different attorney have a differing legal opinion that could be shared with the committee.

[4:47:48 PM](#)

PARKER PATTERSON, Senior Assistant Attorney General, Department of Law, Anchorage, Alaska, answered questions on the constitutionality of EO 128. He said the constitutional provision includes two components: the governor may make changes

in the organization of the executive branch and the assignment of functions among units; when doing so requires the force of the law, it shall be done through an executive order. He said it is a unique provision, with Michigan being the only other state that includes this provision. In conclusion, it is a grant of legislative power to the governor and reflects the checks and balances system. It is a narrow but deep allocation that involves making changes in an organization and assignment of functions among the unit.

MR. PATTERSON explained his understanding of the objection Legal Services of the Legislative Affairs Agency made to EO 128 is that creating new law would offend the separation of powers. The Department of Law office agrees that assignment of functions can only be moved as opposed to removed, however, new law is necessary to make changes to the organization. The newly formed Alaska Department of Family and Community Services and its new department head position were created under EO 121. The Attorney General's office perceives these provisions as appropriate and believes the Alaska Court System would agree.

[4:52:49 PM](#)

SENATOR DUNBAR asked if requirements were placed on the new position under EO 121. He said he maintains skepticism since EO 128 specifically lays out requirements for each board member and wondered if any previous executive orders made these changes without any bounds.

[4:54:06 PM](#)

MR. PATTERSON replied that Executive Order 27 is a good example, which established the State of Alaska Reconstruction and Development Planning Commission. He expressed that it is within the power of the Governor to establish a new entity through executive order and its member makeup.

[4:55:15 PM](#)

EMILY NAUMAN, Director, Legal Services, Legislative Affairs Agency, Juneau, Alaska, answered questions on EO 128. She said the disagreement is on whether added qualifications, term limits, and the number of board members under EO 128 would go beyond the legal power of the Governor. The Assistant Attorney General stated that this is a sliver of legislative power given to the Governor under the Constitution. However, the judicial branch interprets it narrowly, so the Alaska Court System would likely interpret it narrowly. It is important to realize that just because the Governor has undertaken similar measures in the past, it does not guarantee legality.

[4:56:47 PM](#)

CO-CHAIR GIESSEL clarified that the committee is not making a decision today on EO 128, but simply in the review process. She invited the Executive Director of AIDEA to comment on the order.

[4:57:09 PM](#)

RANDY RUARO, Executive Director, Alaska Industrial Development and Export Authority (AIDEA), Anchorage, Alaska, testified on EO 128. He said EO 128 would not affect AIDEA's statutory mission of job creation and economic development, nor would it affect its board membership. The order would not affect the ability to coordinate with AEA on state energy efforts.

[4:58:06 PM](#)

MR. THAYER concluded that AEA has grown over 30 years, but it would be helpful to have a specialized board for strategic development.

[4:58:17 PM](#)

CO-CHAIR GIESSEL replied that Mr. Thayer made the case well.

[4:58:23 PM](#)

SENATOR DUNBAR asked what vehicles might exist to support statute changes if the Legislature disapproves EO 128.

[4:58:44 PM](#)

MR. THAYER responded that the merits are there, but it necessitates a conversation between policymakers.

[4:59:35 PM](#)

There being no further business to come before the committee, Chair Giessel adjourned the Senate Resources Committee meeting at 4:59 p.m.