

ALASKA STATE LEGISLATURE
HOUSE STATE AFFAIRS STANDING COMMITTEE

March 6, 2025

3:19 p.m.

MEMBERS PRESENT

Representative Ashley Carrick, Chair
Representative Andi Story, Vice Chair
Representative Rebecca Himschoot
Representative Ky Holland
Representative Sarah Vance
Representative Kevin McCabe
Representative Elexie Moore

MEMBERS ABSENT

All members present

OTHER LEGISLATORS PRESENT

Representative Carolyn Hall
Representative Jubilee Underwood

COMMITTEE CALENDAR

SENATE BILL NO. 43

"An Act establishing the month of March as Women's History Month."

- MOVED SB 43 OUT OF COMMITTEE

HOUSE BILL NO. 91

"An Act relating to the lawful operation of retail marijuana stores; relating to marijuana cultivation; relating to the registration of marijuana establishments; relating to marijuana taxes; relating to the duties of the Department of Revenue; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 81

"An Act restricting the release of certain records of convictions; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 119

"An Act relating to an in-state natural gas pipeline developed by the Alaska Gasline Development Corporation; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 30

"An Act establishing the office of entrepreneurship; relating to new businesses in the state; relating to reports concerning procurements by agencies; and relating to initial business license fees for new businesses in the state."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: SB 43

SHORT TITLE: WOMEN'S HISTORY MONTH

SPONSOR(s): SENATOR(s) GRAY-JACKSON

01/22/25	(S)	PREFILE RELEASED 1/17/25	
01/22/25	(S)	READ THE FIRST TIME - REFERRALS	
01/22/25	(S)	STA	
02/18/25	(S)	STA AT 3:30 PM BELTZ 105 (TSBldg)	
02/18/25	(S)	Heard & Held	
02/18/25	(S)	MINUTE(STA)	
02/25/25	(S)	STA AT 3:30 PM BELTZ 105 (TSBldg)	
02/25/25	(S)	Moved SB 43 Out of Committee	
02/25/25	(S)	MINUTE(STA)	
02/26/25	(S)	STA RPT 5DP	
02/26/25	(S)	DP: KAWASAKI, WIELECHOWSKI, GRAY-JACKSON, BJORKMAN, YUNDT	
03/03/25	(S)	TRANSMITTED TO (H)	
03/03/25	(S)	VERSION: SB 43	
03/05/25	(H)	READ THE FIRST TIME - REFERRALS	
03/05/25	(H)	STA	
03/06/25	(H)	STA AT 3:15 PM GRUENBERG 120	

BILL: HB 91

SHORT TITLE: MARIJUANA: TAX/RETAIL STORES/REGISTRATION

SPONSOR(s): REPRESENTATIVE(s) CARRICK

02/10/25	(H)	READ THE FIRST TIME - REFERRALS	
02/10/25	(H)	STA, FIN	
02/18/25	(H)	STA AT 3:15 PM GRUENBERG 120	
02/18/25	(H)	Scheduled but Not Heard	

02/22/25 (H) STA AT 1:00 PM GRUENBERG 120
02/22/25 (H) Heard & Held
02/22/25 (H) MINUTE (STA)
02/25/25 (H) STA AT 3:15 PM GRUENBERG 120
02/25/25 (H) Heard & Held
02/25/25 (H) MINUTE (STA)
03/06/25 (H) STA AT 3:15 PM GRUENBERG 120

BILL: HB 81

SHORT TITLE: ACCESS TO MARIJUANA CONVICTION RECORDS
SPONSOR(s): REPRESENTATIVE(s) NELSON

02/03/25 (H) READ THE FIRST TIME - REFERRALS
02/03/25 (H) STA, JUD
02/27/25 (H) STA AT 3:15 PM GRUENBERG 120
02/27/25 (H) <Bill Hearing Canceled>
03/06/25 (H) STA AT 3:15 PM GRUENBERG 120

BILL: HB 119

SHORT TITLE: GAS PIPELINE FAIRBANKS SPUR
SPONSOR(s): REPRESENTATIVE(s) STAPP

02/26/25 (H) READ THE FIRST TIME - REFERRALS
02/26/25 (H) STA, RES
03/06/25 (H) STA AT 3:15 PM GRUENBERG 120

WITNESS REGISTER

SENATOR ELVI GRAY-JACKSON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, introduced SB 43.

STUART RELAY, Staff
Representative Ashley Carrick
Alaska State Legislature

POSITION STATEMENT: Answered questions pertaining to HB 91 on behalf of Representative Carrick, prime sponsor.

BRANDON SPANOS, Deputy Director
Tax Division
Department of Revenue
Juneau, Alaska

POSITION STATEMENT: Answered questions pertaining to HB 91.

BAILEY STUART, Chair
Alcohol & Marijuana Control Office

Anchorage, Alaska

POSITION STATEMENT: Answered questions pertaining to HB 91.

REPRESENTATIVE DAVID NELSON

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HB 81.

BOGDAN GILMUTDINOV, Staff

Representative David Nelson

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: On behalf of the prime sponsor, Representative Nelson, offered the sectional analysis for HB 81.

LISA PURINTON, Director

Division of Statewide Services

Department of Public Safety

Anchorage, Alaska

POSITION STATEMENT: Answered questions pertaining to HB 81.

DAVID MORGAN, Legislative Affairs

Reason Foundation

Atlanta, Georgia

POSITION STATEMENT: Gave invited testimony in support of HB 81.

REPRESENTATIVE WILL STAPP

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HB 119.

BERNARD AOTO, Staff

Representative William Stapp

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: On behalf of prime sponsor, Representative Stapp, answered questions about HB 119.

FRANK RICHARDS, President

Alaska Gasline Development Corporation

Anchorage, Alaska

POSITION STATEMENT: Answered questions related to HB 119.

ACTION NARRATIVE

[3:19:04 PM](#)

CHAIR ASHLEY CARRICK called the House State Affairs Standing Committee meeting to order at 3:19 p.m. Representatives Carrick, Story, Himschoot, Holland, Vance, and Moore were present at the call to order. Representative McCabe arrived as the meeting was in progress.

SB 43-WOMEN'S HISTORY MONTH

[3:19:51 PM](#)

CHAIR CARRICK announced that the first order of business would be SENATE BILL NO. 43, "An Act establishing the month of March as Women's History Month."

[3:20:35 PM](#)

SENATOR ELVI GRAY-JACKSON, Alaska State Legislature, as prime sponsor, introduced SB 43. She thanked committee members for hearing the bill and stated that it is important to formally recognize this important observance in state statute. With more women serving in the legislature than ever before, there is a responsibility to uphold and expand this representation. By making this month formalized the legislature can ensure that its daughters and grand-daughters can see themselves as vital contributors to Alaska's future. Honoring Women's History Month would reaffirm the state's commitment to equality, empowerment, and the enduring impact of women in our state.

[3:21:48 PM](#)

CHAIR CARRICK opened public testimony on SB 43. After ascertaining that there was no one who wished to testify, she closed public testimony.

[3:23:00 PM](#)

REPRESENTATIVE STORY moved to report SB 43 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, SB 43 was reported out of the House State Affairs Standing Committee.

[3:23:28 PM](#)

The committee took an at-ease from 3:23 p.m. to 3:26 p.m.

HB 91-MARIJUANA: TAX/RETAIL STORES/REGISTRATION

[Includes discussion of HB 113]

3:26:09 PM

CHAIR CARRICK announced that the next order of business would be HOUSE BILL NO. 91, "An Act relating to the lawful operation of retail marijuana stores; relating to marijuana cultivation; relating to the registration of marijuana establishments; relating to marijuana taxes; relating to the duties of the Department of Revenue; and providing for an effective date."

CHAIR CARRICK, as prime sponsor of HB 91, noted that her staff had uploaded various documents pertaining to the bill onto the legislature's Bill Action Status Inquiry System (BASIS) [copies in the committee file]. These include a list from the Department of Health (DOH) that includes the grant recipients that receive money from the recidivism reduction fund (RRF) and the marijuana education and treatment fund (METF). Additionally, fiscal modeling was provided to illustrate projected revenue from a 6 percent sales tax, and this was created by the House Majority counsel staff following bill concept discussions during the Thirty-Third Alaska State Legislature.

3:27:41 PM

REPRESENTATIVE VANCE asked about the current number of growers and retailers and whether it was the right capacity to sustain a tax since they were carrying a heavy burden currently. She also asked how HB 91 came to be.

STUART RELAY, Staff, Representative Ashley Carrick, on behalf of Representative Carrick, prime sponsor of HB 91, offered his understanding that the modeling was based off the industry and the number of members in the industry. It also details the amount of products sold when the industry was originally created which was around one year prior. He opined that the information was still good regarding current tax structure discussions.

CHAIR CARRICK added the Brandon Spanos could speak to potential revenue from the tax, even if not related to the document.

3:30:30 PM

BRANDON SPANOS, Deputy Director, Tax Division, Department of Revenue (DOR), to Representative Vance's previous question focusing on the proposed tax change and the state's capacity and

potential capacity, spoke to the modeling completed by the Department of Revenue and the modeling provided to the committee from the last legislative session, from Cody Rice. He said he did not agree with the fiscal modeling and said there were differences. He said that DOR presented those differences to the House Finance Committee last year and would be happy to do so again. He suggested inviting Dan Stickell to explain those differences since he had done the department's modeling and had spoken in depth with Cody Rice to understand the other modeling. He recollected that there had been around 150 cultivators and there currently were approximately 130. He said while he couldn't perfectly recall the numbers, they are published on the Alcohol & Marijuana Control Office (AMCO) website for public viewing.

REPRESENTATIVE VANCE said that any information Mr. Spanos could provide for the committee would be good. She said she was looking for some broad information regarding switching an excise tax type to a sales tax type. She remarked that the sales tax would "hit" the purchasers more. She asked Mr. Spanos whether he could foresee this type of change when looking at this modeling.

MR. SPANOS replied that DOR's modeling is based off numbers that were received from AMCO as far as retail sales year after year and currently the modeling was being updated, and the spring forecast was going to come out soon, as well as the fiscal notes pertaining to marijuana, once released. He said that newer data from AMCO on the retail and cultivation side was available as well. He reiterated that information was in the process of being updated and the department's Economic Research Group (ERG) was currently occupied with other projects. He noted that the information comes from AMCO and there was no direct interaction with industry members.

REPRESENTATIVE VANCE noted that she pulled up a fiscal note that estimates a reduction of \$9.9 million for 2026. She asked what this number was based on and whether it was AMCO and whether it was consistent with what AMCO is seeing.

MR. SPANOS responded that he did not believe AMCO had done any modeling regarding tax changes and DOR's ERG typically do these models. He said that AMCO provides retail sales data to allow ERG to complete economic modeling. He said the fiscal year 2026 (FY 26) impact is a combination of moving to the \$12.50 an ounce excise tax and a later change to sales tax. He said 2027 would

be the first year of just the retail sales impact for these changes.

REPRESENTATIVE VANCE noted that based on the fiscal modeling, the revenue would continue to go down in later years.

3:36:19 PM

REPRESENTATIVE HOLLAND asked what the speculated change may be for consumer pricing following the excise tax to sales tax change. He asked whether it would change and if any consumer-based data was available that suggests a return in demand. He said it seems as if the change was "who pays the tax when." He said that when the consumer gets the wallet out and the price doesn't change, it may not disincentivize black market purchases and still maintain a loss in state revenue. He asked who was testing the demand side of this fiscal modeling and studying consumer behavior to understand whether demand would change.

CHAIR CARRICK responded that this question could potentially be for Bailey Stuart with AMCO. She noted that the marijuana industry has been divided regarding tax structures, even with bill discussions in the previous legislature. She said that she has heard similar concerns from industry members but opined that the excise tax is unequivocally burdensome to cultivators.

3:39:04 PM

BAILEY STUART, Chair, Alcohol & Marijuana Control Office, responded to Representative Holland that there have not been any studies done specific to the consumer but there was some anecdotal evidence that can be determined from the Alaska State Troopers Annual Drug Report that shows black market growth and the increase in consumer demand. She said that in 2023 there were about 180 pounds of marijuana seized whereas last year in 2024 there were about 316 pounds seized. She noted that cannabis prices per ounce in legitimate businesses can range from \$250 to \$450 whereas black market prices are often \$100 an ounce which renders the black market difficult to compete with. She said there needs to be a reduction in taxation to help the industry be sustainable. She said that there are very few unregulated industries in Alaska that pull consumers in the same fashion. She opined that these industry members want to be taxpayers, create jobs, and have sustainable businesses but the current tax structure is making it impossible.

REPRESENTATIVE HOLLAND asked Ms. Stuart what she thought the price per ounce may be with the current tax structure and following tax changes.

MS. STUART responded that the current average is about \$300 per ounce in a retail setting and given the proposed tax changes the price could be reduced between \$30 to \$40 an ounce. She said despite this, unregulated and untaxed markets would still be in competition.

CHAIR CARRICK added that HB 91 would not layer an excise tax and a sales tax on top of one another and the proposed bill would phase out current excise taxes to zero dollars per ounce with a later addition of a sales tax.

REPRESENTATIVE HOLLAND noted that he may not have the most recent paperwork in front of him. He said what he is reading proposed that it moves an excise tax to \$12.50 an ounce.

MR. RELAY added that the proposed bill would move the excise tax down from \$50 an ounce to \$12.50 an ounce effective July 1, 2025. January 1, 2026, the excise tax would be repealed. He noted that after excise tax changes would be later repealed with the implementation of a sales tax.

[3:44:00 PM](#)

REPRESENTATIVE MCCABE said that what he has heard from industry affiliates is that the necessary goal is to limit the amount of money that the black market will make to drive the industry back into the legal framework. He noted that Ms. Stuart said exactly what he had heard, which is that frustrated growers are having to shoulder the burden while the black market harms them. He said that it is one big pie and the black market has a large slice that needs to go back into retail.

[3:45:18 PM](#)

REPRESENTATIVE HOLLAND said that he was looking for any data that would suggest that supply and demand would change given the tax adjustments. He said that it appears that the taxes would get moved from the producers to the consumers. He said that the consumer price probably would not change much, and this would suggest that the black market would still be strong. He raised concerns about the supply and demand curve.

CHAIR CARRICK responded to Representative Holland that this sentiment echoes part of what Ms. Stuart was getting at, that the legislation is trying to address several issues happening in the marijuana industry. This includes black market demand and the current volatility of the industry given the current excise tax structure for cultivators.

REPRESENTATIVE HOLLAND said that he has concerns about adding more sales taxes into retail markets that already have local sales taxes. He said that he has a bias for allowing local jurisdictions to have sales taxes managed to their own accord.

CHAIR CARRICK said that she did not love sales taxes either but the proposed legislation was about attempting to stabilize the industry.

[3:49:13 PM](#)

REPRESENTATIVE MCCABE said that it seems to him that every single department in the state has managed to generate a fiscal note for the bill and everyone was getting on board. He asked whether there was a better way to solve the payment issue rather than creating a new office in four districts. He said that at some point lots of people were flying with cash. He asked if there was a better way than four new offices priced at \$1 million each.

[3:50:04 PM](#)

The committee took a brief at-ease at 3:50 p.m.

[3:50:54 PM](#)

MR. RELAY proffered that the initial start-up costs per fiscal note would be about \$1 million, after which the cost would be about \$500,000 "for operations." He noted that in Anchorage there would be no cost since collections already occur there.

[3:51:28 PM](#)

REPRESENTATIVE VANCE said that it appears as if the legislation would create larger profit margins for growers and handing costs to the retailers. She asked whether AMCO has had a conversation regarding motivation for the growers to reduce their cost to the retailers so overall they can support one another. She said the growers are trying to maintain a profit margin. She said the needed result is the lower cost so people will choose the safer

retail markets as opposed to the black market. She asked whether conversations had occurred regarding this; she said that it could be perceived as unfair.

MR. RELAY responded that this kind of structure of the reduction of the excise tax and then the implementation of the sale tax was the recommendation of the Governor's Advisory Taskforce on Recreational Marijuana, and this is where the original version of the bill came from. The current bill builds off those conversations from the previous bill concept.

CHAIR CARRICK added that the current excise tax structure creates a tight ceiling on how much manufacturers and retailers can purchase. She said that alleviating this challenge is significant for all parts of the industry. She said this may be the reason there was minimal pushback from the retail side of the industry during the previous legislature's hearing of the bill concept, during the Thirty-Third Alaska State Legislature. She stated that the ceiling on cultivated products is partially due to the excise tax structure and relief would have bigger downstream impacts. She noted that the recommendation from the aforementioned taskforce was 3 percent.

[3:55:18 PM](#)

REPRESENTATIVE HIMSCHOOT commented that she reached out to a marijuana industry affiliate in Sitka who has worked at the statewide level. The affiliate was in strong support of the proposed bill's shift from an excise to a sales tax. Traveling to Juneau for deposits would be considerably easier than going all the way to Anchorage. She said that she supports HB 91.

[3:56:26 PM](#)

REPRESENTATIVE HOLLAND noted that HB 113, which is not directly related to this proposed bill but the primary beneficiary of the tax reduction bill was marijuana businesses. He said that half of the qualified small business taxes were from marijuana retailers. He asked whether, in the analysis of this market segment, consideration of HB 113 had been given during discussions on HB 91.

CHAIR CARRICK noted that the current legislation, HB 91, was modeled after legislation that passed through the committee in the Thirty-Third Alaska State Legislature, and it was the current starting point for bill discussions. She said that it

is something that the industry has advocated for and what most members in the current body had previously supported.

[3:58:28 PM](#)

CHAIR CARRICK set an amendment deadline for HB 91 and, after ascertaining that there were no additional questions, announced that HB 91 was held over.

[3:58:52 PM](#)

The committee took an at-ease from 3:58 p.m. to 3:59 p.m.

HB 81-ACCESS TO MARIJUANA CONVICTION RECORDS

[3:59:22 PM](#)

CHAIR CARRICK announced that the next order of business would be HOUSE BILL NO. 81, "An Act restricting the release of certain records of convictions; and providing for an effective date."

[4:02:27 PM](#)

REPRESENTATIVE DAVID NELSON, Alaska State Legislature, as prime sponsor, presented HB 81. He said the proposed bill is an important step in providing an opportunity for people with low-level misdemeanor marijuana possession convictions on their record to make more significant economic impact to their state. He remarked that hardworking Alaskans face barriers to employment, housing, license acquisition, and even volunteering opportunities, leaving them to be unable to make full contributions to the communities. According to a National Conference of State Legislators (NCSL) report, as of 2023, 28 states have produced legislation that applies specifically to the confidentiality of records pertaining to certain marijuana-related offenses. He said that at a time when Alaska is struggling to find qualified workers to fill job openings, the state should not be excluding individuals based on these criteria. He said that HB 81 would make certain marijuana possession convictions confidential on basic background checks while keeping those convictions available. He noted that qualified individuals who are 21 or older at the time of the crime, possess one ounce of cannabis or less, and have not been convicted of another crime would be able to contact the Department of Public Safety (DPS) to make those crimes on their record confidential. He clarified that this would not expunge or remove the crimes from their record. He said that the

proposed bill would give DPS until January 1, 2028, to edit its database and amend its records in accordance with the proposed bill. He noted that this would require hiring a contractor to make programming changes as well as a criminal justice technician to investigate and amend the records.

[4:04:57 PM](#)

BOGDAN GILMUTDINOV, Staff, Representative David Nelson, Alaska State Legislature, on behalf of the prime sponsor, Representative Nelson, offered the sectional analysis for HB 81 [copy available in committee file], which read as follows [original punctuation provided]:

Section 1: Amends AS 12.62.160(b)(8) to include reference to the added subsection (f) in paragraph (8) to read "or criminal justice information as described in (f) of this section." Subsection (b) describes conditions around which an individuals (sic) criminal record may be released.

Section 2: Amends AS 12.62.160 by adding a new subsection (f). Subsection (f) describes the conditions under which information on an individuals (sic) record cannot be released. Paragraph (4) requires the individual to submit a request to the agency not to release portions of their record.

Section 3: Repeals AS 12.62.160(f)(4) on January 1, 2028.

Section 4: Establishes an effective date of January 1, 2026.

REPRESENTATIVE NELSON added that David Morgan with the Reason Foundation and Lisa Purinton with the Department of Public Safety were available to answer any questions.

[4:06:39 PM](#)

REPRESENTATIVE MCCABE said that he was curious about the fiscal note associated with the bill. He asked Ms. Purinton if a contractor was going to be used, he noted that the fiscal note mentioned 400 hours of work associated with a contractor. He said that contractors often work at their own places. He said that looking close at the fiscal notes, he was wondering why the

state would need to buy contractor office materials such as a desk and computer.

[4:07:52 PM](#)

LISA PURINTON, Director, Division of Statewide Services, Department of Public Safety, clarified that there are two parts to the fiscal note associated with HB 81. One part is for the contractor, paid at \$140 an hour for 400 hours to reprogram the mainframe criminal history repository to prevent the records from being displayed, as proposed under HB 81. The second piece is for a temporary staff position for two years. The new staff would work with DPS to research records pertaining to individuals that request that their records not be displayed as outlined in the bill. The bill would require this work be completed by 2028.

REPRESENTATIVE MCCABE noted that 8,500 people would potentially be impacted and it's going to take two years to pull them from the system. He asked whether this was an accurate assessment.

REPRESENTATIVE NELSON confirmed that's correct.

[4:09:58 PM](#)

REPRESENTATIVE MOORE asked whether a minor marijuana conviction still would show up on a federal court record despite being pulled from the Alaska record.

REPRESENTATIVE NELSON asked whether she was referring to a background check or something like court view.

REPRESENTATIVE MOORE responded on court view additionally, so both.

REPRESENTATIVE NELSON responded that the court view system maintains its own website and the Alaska Court System amended its website to amend records from public view.

REPRESENTATIVE MOORE asked whether they would be hidden on just court view.

REPRESENTATIVE NELSON said that currently, the bill would not touch the court view system.

REPRESENTATIVE MOORE asked whether the information would still show up on federal systems.

REPRESENTATIVE NELSON responded that yes, HB 81 would cover only low-level background checks, high-level security clearances and such would not be excluded.

[4:11:28 PM](#)

REPRESENTATIVE VANCE asked Representative Nelson why the age of 21 was selected as opposed to 18.

REPRESENTATIVE NELSON responded that this question may be best answered by Ms. Purinton.

MS. PURINTON answered that she would need to look at the statute and may need to "phone a friend" but 21 is the legal age to purchase and use marijuana.

[4:12:45 PM](#)

REPRESENTATIVE STORY commented that the current employment vacancies were high at the department. She then remarked that given the 8,500 people that would be affected, the proposed legislation could be beneficial.

[4:13:31 PM](#)

CHAIR CARRICK asked whether it would be warranted to take it a step further and expunge the records for these types of low-level marijuana convictions.

REPRESENTATIVE NELSON responded that the intent of the bill is to facilitate access to low-level volunteering positions or even housing with a change to background check information. He said that expungement of records is a completely different issue, and he did not want to work on it at the moment. He also said that there is no expungement in the State of Alaska.

CHAIR CARRICK noted that Representative Nelson included a really interesting article about expungement to the committee [copy available in committee file].

MR. GILMUTDINOV noted that expungement is a nebulous term. He said that the blanket term is "record clearance," which includes annulment, erasure, expungement, destruction, dismissal, sealing, and setting aside. He said the definitions for these terms vary depending on jurisdiction and state. He said that in Alaska, there is technically no expungement, but there are

certain things that can be done with regard to sealing certain documents. He said that the article which Chair Carrick was referring to draws a correlation between record clearing/record amending procedure and the outcomes associated with it. He said the article suggests that by following these procedures, individuals have greater employment prospects and wage earnings.

[4:16:49 PM](#)

REPRESENTATIVE HOLLAND asked about court view and federal searches. He asked whether the impact of the bill would be significant enough to withhold information from background checks. He asked whether backgrounds checks would utilize court view and federal databases, and he inquired whether not changing accessibility to these other databases would affect the goal of the bill.

REPRESENTATIVE NELSON asked Representative Holland to clarify "other databases."

REPRESENTATIVE HOLLAND asked whether this bill would remove records from court view or any federal searches. He said that he understood the answer as no, it would not, and the information would still be available in other databases. He raised concerns whether this would serve Alaskans.

REPRESENTATIVE NELSON responded that right now, court view systems have been covered; the proposed bill would cover only records on the state level. He reiterated that higher-level background checks could access information. He said that for a low-level, quick search of DPS, the information would not show up.

[4:19:47 PM](#)

CHAIR CARRICK, after ascertaining that there were no additional questions, announced that the committee would hear invited testimony.

[4:20:05 PM](#)

DAVID MORGAN, Legislative Affairs, Reason Foundation, began his invited testimony in support of HB 81. He said that too often, low-level offenses come with lifelong punishment. He said that penalties should be proportional to the severity of an offense, especially considering that recreational use of marijuana has been legal since 2014. He remarked that individuals with

criminal records face difficulty in engaging in productive activities; this includes finding a job, securing housing, obtaining occupational licenses, and accessing financial services. He said that HB 81 is a necessary step towards fairness in Alaska. This legislation would prohibit agencies from releasing criminal records related to cases where a defendant was convicted of possessing less than one ounce of marijuana. Before January 2028, people must request to have the conviction records withheld; after January 2028, all conviction records would be withheld. He said that without an automatic process, data from other states showed, less than 10 percent of eligible individuals take action to have their records sealed. He said that HB 81 would provide much needed relief for many Alaskans.

[4:21:59 PM](#)

CHAIR CARRICK announced that HB 81 was held over.

HB 119-GAS PIPELINE FAIRBANKS SPUR

[4:22:11 PM](#)

CHAIR CARRICK announced that the final order of business would be HOUSE BILL NO. 119, "An Act relating to an in-state natural gas pipeline developed by the Alaska Gasline Development Corporation; and providing for an effective date."

[4:22:35 PM](#)

REPRESENTATIVE WILL STAPP, Alaska State Legislature, As prime sponsor, presented HB 119. He said the proposed bill is relatively simple on the surface, but it is not a simple concept. He said that as many committee members knew, the Alaska Gasline Development Corporation's (AGDC's) project has been the source of "lots of news," especially at a federal level. He opined that members from Interior Alaska have always felt that if any gasline infrastructure were developed, the project - if funded with state money - should not skip interior communities in the project's vicinity. He pointed to a map [copy available in committee file] that highlights the Alaska liquified natural gas (LNG) projects area of operation and relative location to Interior communities. He said that the pipeline would run through most major communities in Alaska; however, it bypasses Fairbanks and is positioned to the east of the community. He remarked that every time he has spoken with Frank Richards with AGDC and asked whether Fairbanks would get

gas, the answer has almost always been that there would not be a gasline built in the state in the event it skips Fairbanks. He said that he has not had any definitive assurances that a project would not, in fact, skip the Fairbanks North Star Borough

REPRESENTATIVE STAPP said that the purpose of HB 119 is assurance to the 100,000 people that a project would not skip the Fairbanks North Star Borough. He noted that a spur line would connect Alaska LNG with Fairbanks. He noted there had not been any meaningful progression in terms of permits or rights of way.

REPRESENTATIVE STAPP noted that HB 119 would add a requirement to the list of things that AGDC must do for the State of Alaska. This additional requirement appears on page 2, lines 9-11, and read as follows [original punctuation provided]:

an in-state natural gas pipeline advanced under this paragraph must include a direct spur line to the City of Fairbanks and the Fairbanks North Star Borough;

REPRESENTATIVE STAPP explained that if there is going to be a gasline developed in Alaska with state resources, it should not skip the second largest town in the state. He welcomed questions from the committee.

[4:26:40 PM](#)

REPRESENTATIVE MCCABE asked what the distance was between the proposed Alaska LNG gasline and Fairbanks.

BERNARD AOTO, Staff, Representative William Stapp, Alaska State Legislature, on behalf of Representative Stapp, prime sponsor of HB 119, responded that the proposed gasline would be approximately 40 miles from Fairbanks.

REPRESENTATIVE MCCABE commented that he has always found it ridiculous that Fairbanks is 475 miles from the largest gas field on the planet but burns heating oil that originates from Alaska and is sent down to Washington refineries before being imported once again. He said that it can cost \$600 to \$900 a month for heating oil costs in Fairbanks.

[4:27:25 PM](#)

CHAIR CARRICK noted that as someone who pays these high heating oil costs, Representative McCabe's comment "hit home." She asked Representative Stapp to elaborate on the current cost of energy in Fairbanks relative to other communities such as Anchorage or even other communities along the proposed pipeline.

[4:28:08 PM](#)

REPRESENTATIVE STAPP responded that currently the residential electricity rate in Fairbanks is about 27 cents a kilowatt whereas Anchorage is lower. He said that he has been in Juneau during the legislative session and his recent Golden Valley Electric bill was more than \$350 for his home. He said that it is not currently occupied other than two cats; the fridge is on, the boiler is running and maybe a light or two is on. He said this puts Fairbanks energy prices into context for what expected rates could be.

REPRESENTATIVE STAPP remarked that most of Fairbanks power is generated from either coal or oil, and oil is substantially more expensive than natural gas. He said that this impacts every aspect of the town, including education. He said that for every dollar invested into education, more of it would go to energy costs in Interior communities with high energy costs. He said that Fairbanks sees outmigration that is more intense than other parts of the state due to these high energy costs. He said that the state has put a lot of economic resources into Cook Inlet gas development over the years to ensure that the state's population has affordable gas prices; however, Fairbanks has never had access to a stable supply of natural gas. He said that a few years ago, in anticipation of getting gas off the North Slope, Fairbanks formed its own public utility called "Interior Gas Utility" to build domestic gaslines. He said this service via the Alaska Industrial Development and Export Authority (AIDEA) was being paid by Fairbanks residents. He said that he was unaware who made and paid for the gas connections in Interior.

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REPRESENTATIVE HOLLAND said that he read through the fiscal note and analysis, and he asked if Representative Stapp could elaborate on it.

REPRESENTATIVE STAPP responded that all the proposed bill would do is insert language into a portion of the project that is not current pursued by AGDC.

REPRESENTATIVE HOLLAND said that he is guessing the obvious question is why this is not already being done.

REPRESENTATIVE STAPP responded there could be multiple proposed committee substitutes "until the mood improves."

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REPRESENTATIVE MOORE asked whether there has been any opposition to the proposed bill.

REPRESENTATIVE STAPP responded that most of the feedback has been fairly positive. He said most people concur that gas should be available to Fairbanks if a gasline is developed. He reiterated that the response from AGDC has been vague. He commented on the uncertain nature of who pays the costs and said that these questions are the most important ones as the project progresses.

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REPRESENTATIVE MCCABE asked whether Representative Stapp has inquired whether building a spur at the same time as the main pipeline was discussed or even whether to place the gasline closer to Fairbanks would make sense.

REPRESENTATIVE STAPP responded that in theory there was supposed to be an off-take valve made near Fairbanks during construction. He noted that it does not make a lot of sense to build a \$50 billion project but then assume that in the uncertain future and with an uncertain cost that a \$150-200 million spur line will get constructed. He said that this reminds him of when Senator Ted Stevens got gas infrastructure developed in Prudhoe Bay. Ted Stevens felt that since he failed to get the Arctic National Wildlife Refuge (ANWR) included on the deal then it probably wouldn't be part of the deal in the future. He said that today this remains the case. He spoke about GRIP funding in the past and the failure for previous projects to materialize. He said that often it is heard that if you wait your turn you will be next in line and then next in line never happens.

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REPRESENTATIVE HIMSCHOOT noted that her district was looking forward to getting natural gas to Alaskans and asked what form of energy Fairbanks currently used.

REPRESENTATIVE STAPP replied that the town primarily runs off oil fire heat; he has oil boilers at home for instance. He said that lots of money has been invested to accommodate natural gas heating, which is both less expensive and burns cleaner than oil fired sources.

REPRESENTATIVE HIMSCHOOT asked whether the goal was to convert the Fairbanks power plant to natural gas but not necessarily homes to natural gas. She also asked what the extent of energy transition was for Fairbanks.

REPRESENTATIVE STAPP responded that Fairbanks goals regarding energy improvements is multi-pronged. He said Golden Valley Utility has pursued a diversified strategy regarding energy production, including the state's largest wind farm. He said that the city is also converting residential homes to gas. He said that Fort Wainwright has an antiquated coal plant that it is looking to replace; it is the second largest military base in Alaska. He said "gassifying" Fort Wainwright is an objective shared by federal partners, as well. He said that until a reliable and stable source of gas is available, these conversions cannot commence.

REPRESENTATIVE HIMSCHOOT asked, if a spur that connects Fairbanks to the pipeline were built, who would maintain it and who would own it.

REPRESENTATIVE STAPP said that this is the purpose of HB 119. He said that he would like to know this as well. He said that management for this section of energy infrastructure is somewhat vague. He said that Frank Richards with AGDC was online and could speak to this.

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CHAIR CARRICK commented that Fairbanks was unique in that it already has an "all of the above" approach to energy and there was little consistency amongst the municipality. She said that the municipality had a new coal plant on the University of Fairbanks campus capable of burning natural gas for fuel, they don't because it is not currently cost effective. She said that many homes still heat with wood due to its low cost, but it adversely impacts air quality. She said that Frank Richards could speak to operation and maintenance of any spur line connection.

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FRANK RICHARDS, President, Alaska Gasline Development Corporation, answered that that Section of AS 31.25.005, regarding the purpose of the corporation, addresses advancing an in-state natural gas pipeline, and it was the original language that was provided to AGDC when looking at opportunities to develop an in-state line to provide natural gas to Fairbanks and to the south. He said this is referred to as the "in-state project," and the legislature provided funding not only for permitting but also for design work on the project. He noted the design work includes a lateral spur into Fairbanks. He pointed out the map that was provided to committee members [copy available in committee file] and noted that a connection point would allow for a lateral spur leading into Fairbanks before the pipeline would continue south and connect with pre-existing Enstar natural gas system in Southcentral Alaska. He said that this design work was conducted from 2012 to 2015 and AGDC had completed what is known as the "front-end engineering and design". He said that AGDC was granted the "right of way" for both the mainline and the lateral line into Fairbanks. He said that the work on the lateral line was been advanced in 2015 with what is called the "class 3 cost estimate." Additionally, the legislature gave AGDC the responsibility in 2014 to represent the state for the Alaska LNG project. He said ultimately in the 2016 and 2017 timeframe, the legislature redirected all the funds available for advancing the "in-state project" and it was put on the shelf. However, AGDC still owns the designs and the permits that were granted for the 32 miles for the lateral line connection into Fairbanks, also known as the Spur. He said that plenty of work has been done advancing the lateral line project. Currently, AGDC has been waiting for stakeholders to come together and finalize something that is economically and commercially viable, and Glenfarne Group was a part of this process.

MR. RICHARDS noted that there has been keen interest from Alaska Pipeline developers to come in and take responsibility for connecting the Fairbanks spur line with the main line of the Alaska LNG project. He said that information would continue to come forward as discussions take place. This developer would likely update the "front end engineering design" and run this effort in parallel with work completed on the Alaska LNG project. He said that those entities that develop this project would have the commercial arrangement regarding gas offtake for Fairbanks.

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REPRESENTATIVE STAPP said that he appreciated the history and how AGDC looked at these things. He questioned why, if all these things have already been completed by AGDC, the corporation wouldn't roll them in and include the Fairbanks lateral line into the project.

MR. RICHARDS responded that it had to do with the regulatory environment. If the in-state natural gas was done by an Army Corps of Engineers Impact Statement and the Alaska LNG was taken as an integrated project under the Federal Energy Regulatory Commission, then two different authorizations are in place. He said that adding the lateral line to the Alaska LNG project would cause additional regulatory hurdles. He said that there are two entities at play.

REPRESENTATIVE STAPP said that this illustrates his point. He said he understands that there are different permitting processes, but questioned why AGDC would go through the permit process for 800 miles of pipeline and not get the additional 32 miles permitted for a spur project.

MR. RICHARDS explained that when AGDC was working with the joint development partners, the design concept that was put forward for the permitting process was an integrated project that did not include any laterals. He said that this was not a choice by AGDC but the lead developer at the time.

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REPRESENTATIVE VANCE said that she appreciates Representative Stapp asking these questions. She asked how long the permits are considered valid and whether they could move forward with current permitting.

MR. RICHARDS responded that he did not have an answer on duration of permits from the Army Corps of Engineers but could follow up with an answer.

REPRESENTATIVE VANCE said that pulling up the map of the proposed pipeline, she shares the frustration that the second largest city that contains many state expenses was not integrated into the main project. She said that getting natural gas to the Kenai Peninsula was transformative for its residents in a positive way. By including the spur line into Fairbanks, it would decrease energy costs. She questioned holding back HB

119 because she deemed it to be a straight-forward piece of legislation. She indicated that now that she has more insight into what is taking place with the permitting process, she thinks it is something that warrants further discussion.

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CHAIR CARRICK noted that she appreciated the discussions and concurred that it would be better for the entirety of the state to have inexpensive energy. After ascertaining that there was no additional committee questions, she announced that HB 119 was held over.

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ADJOURNMENT

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 4:56 p.m.