

To: The Honorable Stephanie Scott
The Haines Borough Assembly
Mark Earnest, Borough Manager

From: Brad Gilman & Sebastian O'Kelly

Re: Washington Update

Date: July 9, 2013

1. FY 2014 Federal Budget: The House and Senate Appropriations Committees have begun marking up appropriations bills for Fiscal Year 2014. The \$100 billion difference in overall discretionary spending amounts between the House and Senate is extreme. Progress on the bills will be slow unless the Congress and the President reach a long-term agreement on spending, entitlements, and taxes. The Treasury Department is estimating that the debt limit ceiling will be reached in October. Thus far, there have been no budget bargaining sessions scheduled between the President and Congressional leaders and we do not expect such sessions to start until later in the summer or fall. Federal agencies have been implementing Sequestration, which for most non-defense programs has meant a 5 percent cut. Furloughs of Federal employees have begun but have not been as extensive or lengthy as estimates from earlier in the year.

2. Haines Harbor Project: The Senate has now passed a comprehensive Water Resources Development Act ("WRDA") reauthorization bill, with the House expected to act later this summer. As noted in our last report, we have developed bill language which funds the rural navigation projects separately from the larger navigation and flood control projects for the Lower 48. Both Alaska Senators have backed the proposal and were successful in including it in the Senate WRDA bill. Rep. Young has also been receptive, but it is too early to forecast whether the proposal will be included in the House version. Separately, the Senate Appropriations Committee in its FY 2014 Energy & Water Appropriations Bill has included \$4 million and \$30 million, respectively, for Army Corps general investigations and operations and maintenance for rural, subsistence harbors. The Alaska Delegation has also been supportive of the shift in emphasis to the south portion of the Haines Harbor.

3. Secure Rural Schools/PILT Reauthorization: It appears unlikely that Congress will pass a multi-year SRS/PILT reauthorization bill this year. Talks have instead settled on passage of an emergency one year extension, the same course followed in 2008. There remains strong bi-partisan support for both programs, particularly from Western State Members, but the challenge for the extension of both programs is finding a funding offset. Senator Murkowski has found such an offset for the SRS Program through a bill reauthorizing the Federal Helium Reserve Program. That bill has moved through Committee and awaits floor consideration. At the request of the Mayor, we have provided background information on how the community's PILT payment (\$366,573 this year) is calculated. We have been seeking to do the same for its SRS payment since early

this year, but that effort has been stymied by the retirements of two key employees in the SRS Program. Recently, we have enlisted the help of Senator Begich's office to push the Forest Service to provide us with this information.

4. **Fisheries:** The following summarizes new developments in the fisheries policy arena from the last couple of months.

- **Genetically-Modified (GM) Salmon:** Alaska's Senators have succeeded in attaching an amendment to the FY 2014 Agriculture Appropriations Bill to require labeling of Genetically Modified/Engineered Salmon. The amendment provides \$150,000 to the USDA to conduct the labeling. The bill has cleared Committee and awaits floor action. Rep. Young is the lead sponsor of the counterpart labeling bill in the House and has made this a flagship issue as co-chair of the Wild Salmon Caucus.
- **Halibut Catch Share Plan:** Both Alaska Senators have called on NMFS to extend the 45 public comment period on the Halibut Catch Share Plan recently submitted by the North Pacific Fisheries Management Council. While neither Senator has weighed in on the substance or allocations of the plan, both are concerned that the comment period takes place during prime fishing season when fishermen are busy on the water and unable to review a detailed and complex document.
- **Immigration Visas For Seafood Processing Workers:** The recently-passed Senate Immigration Reform Bill has two provisions important to the Alaska seafood processing industry. The first explicitly references Alaska seafood processing as an eligible activity for the issuance of J-1 cultural/education visas for seasonal processing workers from overseas. The State Department has been reluctant to issue these visas on legal grounds in recent years. This provision should ease that process. The second provision makes Alaska seafood processing eligible for the new 3 year W-visas created in the bill for those occupations where there is a shortage of domestic workers.
- **International Boundary Line Enforcement:** In April, Senator Murkowski hosted with the participation of Senator Begich and Representative Young a panel discussion with relevant Federal agencies on how to tighten enforcement over illegal fishing by foreign vessels across the Maritime Boundary Line. Poaching has had a particularly negative impact on Alaska's crab and salmon fisheries.
- **Magnuson-Stevens Reauthorization:** As Chair of the Senate Subcommittee with responsibility for MSA Reauthorization, Senator Begich held listening sessions in Kodiak and Fairbanks to gather perspectives on commercial and subsistence fishing, respectively, with another session planned in August in Kenai to hear the view of sports fishermen. Additional hearings will be held elsewhere in the country and the Senator has pledged to work closely with

Senator. Marco Rubio, the lead Republican on the Subcommittee, to develop bipartisan legislation.

5. Sealaska Withdrawal Legislation: Bills to permit Sealaska to withdraw ANSCA entitled lands have begun to move, clearing Committees in both the House and Senate. They now await floor consideration.

6. Energy Issues: Below are the latest developments in energy policy and legislation.

- **Hydropower:** Senator Murkowski's bill to promote the development of small hydropower projects and to streamline the FERC licensing process for such projects has been approved by Committee and now awaits floor action. Senator Begich is a cosponsor. The House has passed its version.
- **LNG:** The Department of Energy has begun to move more aggressively to process and approve LNG export permits. In May, it approved a 20 year export license to allow Freeport to sell LNG to nations in Europe and Asia that currently do not have free trade agreements with the U.S, including Japan.
- **OCS Revenue Sharing:** In June, the House passed legislation to expand OCS energy development. The bill includes revenue-sharing to affected States (including Alaska) by allocating 37.5 percent of OCS-derived revenues. Unlike the Senate bill, it does not have an allocation to local governments. The Senate version sets aside 25 percent of the State share for local governments that are closest to the lease areas or serve as significant staging areas. The Senate has yet to act on the legislation. The State's allocation would become available for appropriation by the Alaska State Legislature.

7. Chilkoot Indian Association Grant: The Forest Service has awarded the Association a \$35,000 grant to examine the potential for turning woody biomass into an energy source.

8. TWIC Reform: Rep. Young has signed on to a letter with 47 other House Members to TSA in support of the elimination of site visits for Transportation Worker Identification Cards ("TWIC"). Last year's Coast Guard Reauthorization Act required TWIC to be completed with 270 days and that time frame has now elapsed. Alaskans in rural areas have been required to travel at their own expense to obtain and renew their TWIC documentation.

