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Original sponsor: Rules Committee by request of the Governor

Offered: 5/13/70
Referred: Finance

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

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CS FOR SENATE BILL NO. 589

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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SIXTH LEGISLATURE - SECOND SESSION

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A BILL

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For an Act entitled: "An Act providing for the construction and financing of a highway from the Yukon River to the Arctic Ocean; and providing for an effective date."

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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* Section 1. AS 19 is amended by adding a new chapter to read:

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CHAPTER 40. HIGHWAY FROM YUKON RIVER TO ARCTIC OCEAN.

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Sec. 19.40.010. DECLARATION OF POLICY. (a) The legislature

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hereby finds and declares that there is an immediate need for a public highway from the Yukon River to the Arctic Ocean and that this public highway should be constructed by the State of Alaska at this time because

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(1) it will assist in the fulfillment of the Constitution of the State of Alaska, Article VIII, Section 1, wherein it is provided that 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;

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(2) it will provide the first year-round, overland route from north of the Yukon River to the Arctic Ocean, and will consequently result in the completion of a highway from the Pacific Ocean to the Arctic Ocean;

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(3) it is in conformity with the policy of the Federal-Aid Highway Act of 1956, 23 U.S.C. 101(b), wherein it is declared to be in the national interest to accelerate the construction of certain highways which are of primary importance to the national defense;

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1 (4) it will benefit local and interstate commerce because
2 the area north of the Yukon River is rich in natural resources but is
3 inaccessible at the present time because of the lack of roads and this
4 inaccessibility prohibits the successful use of the natural resources
5 of this area;

6 (5) it is consonant with the Constitution of the State of
7 Alaska, Article VIII, Section 2, wherein it is provided that the
8 legislature shall provide for the utilization, development, and con-
9 servation of all natural resources belonging to the state, including
10 land and waters, for the maximum benefit of its people, because the
11 highway will benefit not only local and interstate commerce but will
12 also augment the revenues of the state and result in conservation of
13 natural resources, for example, by facilitating a system of forest-fire
14 suppression.

15 (b) It is the sense of the legislature that the construction
16 of the highway will not impair the natural wilderness adjacent to the
17 highway and will not unreasonably interfere with subsistence hunting,
18 fishing, trapping and gathering.

19 (c) It is the intent of the legislature that the state shall be
20 reimbursed for the cost plus interest of constructing the public high-
21 way from the Yukon River to the Arctic Ocean.

22 (d) It is the intent of the legislature that employment of Alaska
23 residents be encouraged and that the provisions of AS 36.10.010 through
24 36.10.110 inclusive be complied with.

25 Sec. 19.40.020. CONTRACTS FOR CONSTRUCTION OF HIGHWAY. The
26 department may contract for the construction of a secondary highway
27 from the Yukon River to the Arctic Ocean. The department may request
28 bids and award contracts for the construction of the highway, or it
29 may elect to directly negotiate contracts for the construction of

1 the highway if it appears to be in the best interests of the state.

2 Sec. 19.40.030. CONTRACTS FOR REIMBURSEMENT. The department shall
3 contract with corporations interested in the use of the highway to provide
4 for reimbursement to the state of the cost of construction of the highway
5 and related facilities on terms and conditions as appear to be in the best
6 interests of the state. Any advance payments made under such contract shall
7 be deposited in a special account which will be used for disbursements to
8 the contractor charged with construction of the highway. Disbursements
9 to the contractor shall be made on order of the commissioner of highways
10 on presentation of a proper voucher or the presentation of a voucher by
11 an employee of the department authorized in writing to certify as to
12 such payment.

13 Sec. 19.40.034. TAX IMPOSED. If by July 1, 1974, the state has not
14 been reimbursed for the cost of highway construction, there is levied up-
15 on every person producing oil on the north Slope (those areas of Alaska
16 lying north of 68 degrees latitude) a North Slope road severance tax of
17 five cents per standard, 42 gallon barrel on all oil produced, less the
18 value of any part, the ownership or right to which is exempt from taxation.

19 Sec. 19.40.035. COLLECTION AND ADMINISTRATION. The tax levied
20 in sec. 34 of this chapter shall be administered and collected in the
21 same manner as the oil and gas properties production tax as prescribed
22 in AS 43.55.

23 Sec. 19.40.036. SPECIAL ACCOUNT. The tax levied under sec. 34
24 of this chapter shall be deposited in the general fund. The commis-
25 sioner of revenue shall report annually to the legislature the amount
26 of money collected and deposited in the general fund under this chapter
27 during the preceding fiscal year. The report shall be filed with the
28 finance committees of the legislature within five days after the
29 legislature convenes.

1 Sec. 19.40.037. TERMINATION OF TAX. When the amount received
2 under the provisions of secs. 34 - 36 of this chapter equals the cost
3 to the state of construction of the highway plus interest at the rate
4 of six per cent a year, the tax provided for in sec. 34 of this chapter
5 terminates.

6 Sec. 19.40.040. UNDERTAKINGS OF CONTRACTORS. The department, in
7 lieu of the bonds or individual sureties required by AS 36.25.010, may
8 accept corporate undertakings which include the same essential provi-
9 sions of the bonds or individual sureties required by AS 36.25.010 and
10 which are satisfactory to the department.

11 Sec. 19.40.050. EXEMPTION. The Alaska Net Income Tax Act and
12 the Alaska Business License Act do not apply to any money received by
13 the general contractor from the state under a highway construction
14 contract authorized under this chapter if the money is to be paid to
15 a subcontractor for work performed under the construction contract.
16 The money received by the subcontractors is subject to the Alaska Net
17 Income Tax Act, the Alaska Business License Act and any other applicable
18 state taxes.

19 Sec. 19.40.055. HIGHWAY WIDTH. In accordance with AS 19.10.015,
20 the width of this highway is designated as 200 feet.

21 Sec. 19.40.060. CONFLICT WITH OTHER LAWS. In the event of a
22 conflict between this chapter and any other law of this state, the
23 provisions of this chapter shall govern and shall supersede any such
24 other law.

25 Sec. 19.40.070. DEFINITIONS. In this chapter

26 (1) "department" means the Department of Highways;

27 (2) "highway" means the secondary highway from the Yukon
28 River to the Arctic Ocean.

29 * Sec. 2. This Act takes effect on the day after its passage and approval

1 or on the day it becomes law without approval.

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