

Original sponsor: Rules Committee by re-
quest of the Governor

Offered: 5/13/70
Referred: Finance

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 589

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTH LEGISLATURE - SECOND SESSION

5 A BILL

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

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

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

11 CHAPTER 40. HIGHWAY FROM YUKON RIVER TO ARCTIC OCEAN.

12 Sec. 19.40.010. DECLARATION OF POLICY. (a) The legislature
13 hereby finds and declares that there is an immediate need for a
14 public highway from the Yukon River to the Arctic Ocean and that this
15 public highway should be constructed by the State of Alaska at this time
16 because

17 (1) it will assist in the fulfillment of the Constitution of
18 the State of Alaska, Article VIII, Section 1, wherein it is provided
19 that it is the policy of the state to encourage the settlement of its
20 land and the development of its resources by making them available for
21 maximum use consistent with the public interest;

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

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

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. The
2 provisions of Chapter 10, Title 36, Alaska Statutes, shall govern in
3 employment practices on all work authorized by this act.

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

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

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

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

1 finance committees of the legislature within five days after the
2 legislature convenes.

3 Sec. 19.40.037. TERMINATION OF TAX. When the amount received
4 under the provisions of secs. 34 - 36 of this chapter equals the cost
5 to the state not otherwise reimbursed by July 1, 1974, pursuant to a
6 contract or contracts executed under AS 19.40.030 of construction of
7 the highway plus interest at the rate of seven and one-half per cent
8 a year, from the date warrants for construction funds are drawn on
9 the state treasury the tax provided for in sec. 34 of this chapter
10 terminates.

11 Sec. 19.40.040. UNDERTAKINGS OF CONTRACTORS. The department, in
12 lieu of the bonds or individual sureties required by AS 36.25.010, may
13 accept corporate undertakings which include the same essential provi-
14 sions of the bonds or individual sureties required by AS 36.25.010 and
15 which are satisfactory to the department.

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

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

26 Sec. 19.40.060. CONDITIONS TO BE MET. Construction authorized
27 under secs. 020 - 055 of this chapter may not be undertaken until all
28 of the following conditions are met:

29 (1) certification by the commissioners of the Department

1 of Natural Resources and the Department of Fish and Game that adequate
2 precautions have been taken to protect and preserve the total ecology
3 of the area traversed;

4 (2) certification by the commissioner of the Department of
5 Highways that the road design and construction methods will cause
6 minimal landscape defacement or environmental degradation by erosion
7 or waste disposal;

8 (3) certification by the commissioner of the Department of
9 Health and Welfare that adequate and reasonable precautions have been
10 taken for the prevention of pollution during construction and subsequent
11 public use;

12 (4) all certifications, as well as the rules, regulations,
13 contract provisions, specifications, inspection procedures and programs
14 necessary to implement and accomplish secs. 290 - 310 of this chapter
15 shall be filed with the governor's office and published;

16 (5) the governor has approved all certifications and
17 supporting material submitted to him under (4) of this section as being
18 in the best public interest.

19 ✓ Sec. 19.40.065. REGULATIONS AND PENALTIES. All departments and
20 agencies of the state are given the specific authority to adopt under
21 the Administrative Procedure Act (AS 44.62) emergency, temporary and
22 permanent regulations necessary to accomplish the purposes of secs.
23 290 - 310 of this chapter. The violation of any regulation adopted
24 under secs. 290 - 310 of this chapter is a misdemeanor and upon con-
25 viction the person is punishable by a fine of not more than \$10,000
26 for each offense.

27 Sec. 19.40.070. CONFLICT WITH OTHER LAWS. In the event of a
28 conflict between this chapter and any other law of this state, the
29 provisions of this chapter shall govern and shall supersede any such

1 other law.

2 Sec. 19.40.080. DEFINITIONS. In this chapter

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

4 (2) "highway" means the secondary highway from the Yukon
5 River to the Arctic Ocean.

6 * Sec. 2. This Act takes effect on the day after its passage and approval
7 or on the day it becomes law without approval.