

1 IN THE SENATE

BY THE RULES COMMITTEE

2 SENATE BILL NO. 601

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 finds and declares that there is an immediate need for a public highway  
14 from the Yukon River to the Arctic Ocean and that this public highway  
15 should be constructed by the State of Alaska at this time because  
16 (1) it will assist in the fulfillment of the Constitution of  
17 the State of Alaska, Article VIII, Section 1, wherein it is provided  
18 that it is the policy of the state to encourage the settlement of its  
19 land and the development of its resources by making them available for  
20 maximum use consistent with the public interest;

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

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

29 (4) it will benefit local and interstate commerce because

1 the area north of the Yukon River is rich in natural resources but is  
2 inaccessible at the present time because of the lack of roads and this  
3 inaccessibility prohibits the successful use of the natural resources  
4 of this area;

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

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

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

21 (d) It is the intent of the legislature that employment of Alaska  
22 residents be encouraged and that the provisions of AS 36.10.010 - 36.10.  
23 110 be complied with.

24 Sec. 19.40.020. CONTRACTUAL AUTHORITY. (a) Subject to (b) of  
25 this section, the department may contract for the construction of a  
26 secondary highway from the Yukon River to the Arctic Ocean. The  
27 department may request bids and award contracts for the construction  
28 of the highway, or it may elect to directly negotiate contracts for the  
29 construction of the highway if it appears to be in the best interests

1 of the state. The provisions of AS 36.10 govern in employment practices  
2 on all work authorized by this chapter.

3 (b) The authority granted under (a) of this section may not be  
4 exercised unless and until the state enters into a contract with the  
5 participants in the Trans Alaska Pipeline System or other organization  
6 formed for the purpose of transporting oil by pipeline from the North  
7 Slope (that area of Alaska lying north of 68° latitude). The contract  
8 shall provide for reimbursement to the state by the participants,  
9 jointly and severally, in the Trans Alaska Pipeline System or other  
10 organization formed for the purpose of transporting oil by pipeline,  
11 of the full amount of the highway's cost of construction plus interest  
12 on the state's expenditures at the rate of seven and one-half per cent  
13 per year. Complete reimbursement together with interest must be made  
14 within five years from the date of the contract. The state may, with  
15 the agreement of the participants, elect to construct an oil pipeline  
16 from the North Slope. In that event, the provisions of this subsection  
17 requiring reimbursement do not apply.

18 (c) The contract with the participants shall include such addi-  
19 tional terms and conditions as appear to be in the best interests of the  
20 state. Any advance payments made under such a contract shall be  
21 deposited in a special account which will be used for disbursements to  
22 the contractor charged with construction of the highway. Disbursements  
23 to the contractor shall be made on order of the commissioner of highways  
24 on presentation of a proper voucher or the presentation of a voucher  
25 by an employee of the department authorized in writing to certify as to  
26 such payment.

27 Sec. 19.40.030. UNDERTAKINGS OF CONTRACTORS. The department, in  
28 place of the bonds or individual sureties required by AS 36.25.010, may  
29 accept corporate undertakings which include the same essential

1 provisions of the bonds or individual sureties required by AS 36.25.010  
2 and which are satisfactory to the department.

3 Sec. 19.40.040. EXEMPTION. The Alaska Net Income Tax Act and the  
4 Alaska Business License Act do not apply to any money received by the  
5 general contractor from the state under a highway construction contract  
6 authorized under this chapter if the money is to be paid to a sub-  
7 contractor for work performed under the construction contract. The  
8 money received by the subcontractors is subject to the Alaska Net  
9 Income Tax Act, the Alaska Business License Act and any other applicable  
10 state taxes.

11 Sec. 19.40.050. HIGHWAY WIDTH. In accordance with AS 19.10.015,  
12 the width of this highway is designated as 200 feet.

13 Sec. 19.40.060. CONDITIONS TO BE MET. Construction authorized  
14 under secs. 20 - 50 of this chapter may not be undertaken until all  
15 of the following conditions are met:

16 (1) certification by the commissioners of the Department  
17 of Natural Resources and the Department of Fish and Game that adequate  
18 precautions have been taken to protect and preserve the total ecology  
19 of the area traversed;

20 (2) certification by the commissioner of the Department of  
21 Highways that the road design and construction methods will cause  
22 minimal landscape defacement or environmental degradation by erosion  
23 or waste disposal;

24 (3) certification by the commissioner of the Department of  
25 Health and Welfare that adequate and reasonable precautions have been  
26 taken for the prevention of pollution during construction and subsequent  
27 public use;

28 (4) all certifications, as well as the rules, regulations,  
29 contract provisions, specifications, inspection procedures and programs

1 necessary to implement and accomplish secs. 20 - 50 of this chapter  
2 shall be filed with the governor's office and published;

3 (5) the governor has approved all certifications and  
4 supporting material submitted to him under (4) of this section as being  
5 in the best public interest, and has certified that the contract  
6 required by sec. 20 of this chapter has been executed.

7 Sec. 19.40.065. REGULATIONS AND PENALTIES. All departments and  
8 agencies of the state are given the specific authority to adopt under  
9 the Administrative Procedure Act (AS 44.62) emergency, temporary and  
10 permanent regulations necessary to accomplish the purposes of secs.  
11 20 - 50 of this chapter. The violation of any regulation adopted  
12 under secs. 20 - 50 of this chapter is a misdemeanor and upon convic-  
13 tion the person is punishable by a fine of not more than \$10,000 for  
14 each offense.

15 Sec. 19.40.070. CONFLICT WITH OTHER LAWS. In the event of a  
16 conflict between this chapter and any other law of this state, the  
17 provisions of this chapter govern and supersede any such other law.

18 Sec. 19.40.080. DEFINITIONS. In this chapter

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

20 (2) "highway" means the secondary highway from the Yukon  
21 River to the Arctic Ocean.

22 \* Sec. 2. This Act takes effect on the day after its passage and approval  
23 or on the day it becomes law without approval.  
24  
25  
26  
27  
28  
29