

Introduced: 2/15/74  
Referred: Community &  
Regional Affairs and Finance

BY THE RULES COMMITTEE  
BY REQUEST OF THE  
SPECIAL PETROLEUM  
IMPACT COMMITTEE

1 IN THE HOUSE

2 HOUSE BILL NO. 638

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act creating the Pipeline Impact Agency; and  
7 providing for an effective date."

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

9 \* Section 1. AS 44.19 is amended by adding new sections to read:

10 ARTICLE 8. PIPELINE IMPACT AGENCY.

11 Sec. 44.19.581. PURPOSE. The legislature finds that construction  
12 of the trans-Alaska pipeline, from its commencement to completion over  
13 a period of approximately three years, will impose severe to mild  
14 strains on local and state governmental services and facilities. While  
15 the pipeline construction indubitably will, in the long run, mean  
16 immense growth and development to the communities and areas along the  
17 pipeline route, and to those areas coming under direct pipeline con-  
18 struction influence, the legislature further finds that localities most  
19 affected will be unable to cope with the probable impact on facilities  
20 and services brought about by the anticipated overwhelming and sudden  
21 increases in numbers of citizens to be served. The legislature finds,  
22 also, that communities while likely to be impacted are willing and  
23 ready via local taxation to do all possible themselves to meet impact  
24 requirements, even to the full limits of local taxation tolerance,  
25 nevertheless, recognizing the state will be the prime beneficiary of  
26 pipeline construction via realization of enormous oil development  
27 revenues for the total state, the legislature finds that local impact  
28 financial burdens logically should be borne by the state as its invest-  
29 ment in those future revenues. It is, therefore, the intent of the

1 legislature, in this measure, to provide a means of quickly and deci-  
2 sively determining specific impact problems and, additionally, for  
3 moving quickly and decisively to provide funds, facilities, personnel  
4 or other means for quick solutions. Finally, the legislature intends  
5 via this legislation to meet local and state pipeline construction impact  
6 problems as quickly and efficiently as possible in manners similar to  
7 the handling of disaster impact problems. The legislature finds, too,  
8 that revenue-sharing formulas on per capita or percentage per capita  
9 increase basis are less desirable, less effective, and more costly than  
10 the case-by-case approach intended in the legislation. Under the  
11 formula approach, provision would have to be made for all probable as  
12 well as all possible impact contingencies, some of which may never  
13 develop.

14 Sec. 44.19.583. PIPELINE IMPACT AGENCY. There is created in the  
15 office of the governor the Pipeline Impact Agency.

16 Sec. 44.19.585. DIRECTOR. The Pipeline Impact Agency is adminis-  
17 tered by a director of pipeline impact. The director is appointed by  
18 the governor and serves at the pleasure of the governor. The appoint-  
19 ment of the director is subject to confirmation by a majority of the  
20 members of the legislature in joint session.

21 Sec. 44.19.587. PROGRAM TO ASSIST MUNICIPALITIES DURING PIPELINE  
22 CONSTRUCTION. The Pipeline Impact Agency shall administer a state  
23 program to provide assistance to municipalities which are adversely  
24 affected, economically and socially, by pipeline construction.

25 Sec. 44.19.589. POWERS AND DUTIES. (a) The director shall

26 (1) advise and assist the governor in developing planning  
27 assumptions and a broad preparedness plan with respect to the economic  
28 and social impact that will accompany pipeline construction;

29 (2) advise and assist the governor in developing policies,

1 programs and control systems designed to alleviate the economic and  
2 social impact resulting from pipeline construction; and

3 (3) advise and assist the governor with respect to resolving  
4 issues related to pipeline construction impact preparedness responsi-  
5 bilities of state agencies which arise concerning two or more of those  
6 agencies.

7 (b) The director, with the approval of the Special Legislative  
8 Pipeline Impact Review Committee (as provided for in secs. 595 - 605  
9 of this chapter), may

10 (1) make loans and grants and purchase evidences of indebted-  
11 ness with funds from the pipeline impact fund to municipalities economi-  
12 cally or socially adversely affected by pipeline construction;

13 (2) guarantee municipal bonds when a municipality needs to  
14 undertake a capital improvement program on an accelerated basis; and

15 (3) pay (for not more than three years) from the pipeline  
16 impact fund a portion of the debt service or interest or both incurred  
17 by a municipality for undertaking capital improvements made necessary  
18 by pipeline construction.

19 (c) Grants under (b)(1) of this section shall be made on the  
20 basis of percentage increase in population and not on the basis of  
21 per capita increase in population. Applications for grants shall be  
22 made in a form prescribed by the director. A grant shall be allotted  
23 according to an agreement made between the director on behalf of the  
24 state and the municipality receiving the grant. The agreement may  
25 include any provision agreed upon by the parties and shall include in  
26 substance the following provisions:

27 (1) a schedule of grant disbursements, if, as determined  
28 by the director, a grant is to be disbursed other than in one sum;

29 (2) agreement by the municipality to

1 (A) proceed with and complete the proposed project  
2 or program expeditiously;

3 (B) not discontinue operation or dispose of all or  
4 part of the project or program for which it receives a grant with-  
5 out the approval of the director;

6 (C) apply for, and make reasonable efforts to secure,  
7 federal assistance which may be available for the project or  
8 program, subject to any conditions the agency may require in  
9 order to maximize the amounts of that assistance received or to  
10 be received for all projects or programs in the state;

11 (3) agreement by the municipality that, if federal assistance  
12 for a project or program becomes available to the municipality which  
13 was not included in the calculation of the amount of a grant authorized  
14 and disbursed under this section, the value of the federal assistance  
15 shall be ascertained and subtracted from the total value of the project  
16 or program and the balance shall be proportionately divided between  
17 the state and municipality;

18 (4) provision for alteration or modification of an approved  
19 project or program and for remedies in case of failure to perform the  
20 agreement between the parties or noncompliance with regulations promul-  
21 gated by the director under this section.

22 (d) If funds appropriated by the legislature to provide loans and  
23 grants and purchase evidences of indebtedness under this section are  
24 not adequate to satisfy amounts required by approved grant applications,  
25 funds shall be allocated on the basis of priority established by the  
26 director by regulations promulgated to carry out the provisions of this  
27 section.

28 (e) The director shall provide a quarterly report to the legisla-  
29 ture with respect to grants made under this section.

1 (f) The director shall determine the terms and conditions for  
2 making a loan and purchasing an evidence of indebtedness under this  
3 section.

4 Sec. 44.19.591. AUTHORITY TO ACCEPT SERVICE, GIFTS, GRANTS, AND  
5 LOANS. When the federal government or an agency or officer of the  
6 federal government offers to the state, or through the state to a  
7 municipality, services, equipment, supplies, materials, or funds by  
8 way of gift, grant, or loan, for the purpose of alleviating the social  
9 or economic impact resulting from pipeline construction, the state  
10 acting through the director, or the municipality acting through its  
11 executive officer or governing body, may accept the offer subject to  
12 the terms of the offer and the rules and regulations of the agency  
13 making the offer.

14 Sec. 44.19.593. PIPELINE IMPACT FUND. There is the pipeline  
15 impact fund created for the purpose of carrying out the provisions of  
16 sec. 587(b) of this chapter. The fund consists of all money made  
17 available by appropriations of the state legislature, and from other  
18 appropriated funds, all contributions from whatever source, and income  
19 and interest derived from the investment of money.

20 Sec. 44.19.595. SPECIAL LEGISLATIVE PIPELINE IMPACT REVIEW COM-  
21 MITTEE. There is established the Special Legislative Pipeline Impact  
22 Review Committee composed of three members of the senate appointed by  
23 the president of the senate and three members of the house of represen-  
24 tatives appointed by the speaker of the house. The committee shall  
25 select its own chairman.

26 Sec. 44.19.597. TERM OF MEMBERSHIP. The committee shall be  
27 organized within 15 days after the organization of each legislature.  
28 Members serve for the duration of the legislature during which they  
29 are appointed. If they are reelected or their term of office extends

1 into the next succeeding legislature, they continue to serve until  
2 reappointed or the appointment of their successor.

3 Sec. 44.19.599. VACANCIES. When a vacancy occurs in the member-  
4 ship of the committee, the presiding officer of the house incurring  
5 the vacancy shall choose a successor. If the office of the president  
6 of the senate or speaker of the house of representatives becomes  
7 vacant and a vacancy from the affected house occurs among the member-  
8 ship of the committee, the remaining committee members from the house  
9 incurring the vacancy shall appoint a new member.

10 Sec. 44.19.601. MEETINGS. (a) The committee may meet during  
11 sessions of the legislature and during the interim between sessions at  
12 such times and places in the state as the chairman may determine.  
13 Members may receive, for the minimum time required to get to and from  
14 meetings and for the period while attending meetings, the same travel  
15 and per diem allowances provided by law for members of the legislature  
16 when attending sessions, except that members of the committee receive  
17 no per diem during legislative sessions other than the per diem allow-  
18 ance paid to other members of the legislature.

19 (b) The members of the committee can validly conduct a meeting  
20 and vote by communicating simultaneously with each other by means of  
21 conference telephones or similar communications equipment.

22 (c) A majority of the members of the committee constitute a  
23 quorum for the purpose of carrying out its duties under sec. 603 of  
24 this chapter.

25 Sec. 44.19.603. DUTIES OF COMMITTEE. The committee shall review  
26 and approve or disapprove, in whole or in part, the decisions made  
27 by the Pipeline Impact Agency under sec. 589(b) of this chapter.

28 Sec. 44.19.605. DIVISION OF LEGISLATIVE FINANCE ASSISTANCE. The  
29 division of legislative finance shall cooperate with the committee and

1 shall furnish technical assistance and personnel, if available, upon  
2 request.

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

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