

Offered: 4/21/86
Referred: Finance

Original sponsor: Adams by request

1 IN THE HOUSE
2 CS FOR HOUSE BILL NO. 491 (Oil and Gas)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FOURTEENTH LEGISLATURE - SECOND SESSION
5 A BILL
6 For an Act entitled: "An Act relating to the disposition of federal funds
7 received by the state from competitive leasing of oil
8 and gas in the National Petroleum Reserve - Alaska;
9 and providing for an effective date."
10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
11 * Section 1. FINDINGS. The legislature finds that:
12 (1) the United States Congress by P.L. 96-514 (42 U.S.C. 6508)
13 provided that the state receives 50 percent of the funds received from
14 competitive leasing of oil and gas in the National Petroleum Reserve -
15 Alaska;
16 (2) 42 U.S.C. 6508 further provides that in the allocation of
17 the funds received by the state, the state shall give priority to those
18 subdivisions of the state most directly or severely impacted by the devel-
19 opment of oil and gas leased under 42 U.S.C. 6508;
20 (3) since 1982 the state has received approximately \$48,643,000
21 from the federal government under the terms of 42 U.S.C. 6508; of that
22 amount, approximately \$18,044,000 has been placed in the general fund and
23 spent by the state for various state programs; approximately \$24,317,000
24 has been placed in the permanent fund and \$182,000 in the public school
25 fund; the remainder, approximately \$6,100,000, has been placed in the
26 National Petroleum Reserve - Alaska special revenue fund established by ch.
27 94, SLA 1984; of that amount, \$3,700,000 has been appropriated for grants
28 to local governments or for state projects; approximately \$2,400,000 still
29 remains in the fund;

1 (4) in a decision dated March 18, 1986, a superior court of the
2 state ruled in City of Barrow, et al. v. State, et al., 1JU-85-2634 Civil,
3 that the state violated the terms of 42 U.S.C. 6508 by failing to establish
4 a rational system by which political subdivisions impacted by oil and gas
5 development in the National Petroleum Reserve - Alaska could apply for and
6 receive funds on a priority basis; the court has required the state to
7 segregate and account for all funds received under 42 U.S.C. 6508 before
8 1984, including money received under 42 U.S.C. 6508 that has been deposited
9 in the permanent fund under AS 37.13.010 or appropriated to the National
10 Petroleum Reserve - Alaska special revenue fund under ch. 94, SLA 1984, but
11 excluding funds expended before 1984 by general fund appropriations; and

12 (5) because of the continuing nature of congressional appro-
13 priations under 42 U.S.C. 6508, and in order to rectify the state's past
14 failure to establish a system by which claims of local governments to 42
15 U.S.C. 6508 funds could be determined and dealt with on a priority basis,
16 it is necessary to change the National Petroleum Reserve - Alaska special
17 revenue fund regarding segregation and allocation of the money received
18 under 42 U.S.C. 6508 and to establish criteria by which appropriations may
19 be made from the fund to impacted municipalities.

20 * Sec. 2. AS 37.25 is amended by adding a new section to read:

21 Sec. 37.25.040. NATIONAL PETROLEUM RESERVE - ALASKA SPECIAL
22 REVENUE FUND. (a) The National Petroleum Reserve - Alaska special
23 revenue fund is established. The fund consists of all money disbursed
24 to the state by the federal government under 42 U.S.C. 6508 (P.L. 96-
25 514) since December 12, 1980, less the amount deposited in the general
26 fund and expended by the state by general fund appropriations before
27 the establishment of the National Petroleum Reserve - Alaska special
28 revenue fund under ch. 94, SLA 1984.

29 (b) The commissioner of revenue shall manage the National

1 Petroleum Reserve - Alaska special revenue fund.

2 (c) The Department of Community and Regional Affairs shall adopt
3 regulations under which municipalities impacted by National Petroleum
4 Reserve - Alaska oil and gas development under 42 U.S.C. 6508 may
5 apply for and be eligible to receive grants to alleviate the impact.
6 The department shall give priority in the allocation of grants to
7 municipalities that are experiencing or will experience the most
8 direct or severe impact from oil and gas development under 42 U.S.C.
9 6508 within the National Petroleum Reserve - Alaska. Within 10 days
10 after the convening of each regular session of the legislature, the
11 Department of Community and Regional Affairs shall submit to the
12 legislature a list of all municipalities determined by the department
13 to be eligible for grants under this section, a recommendation of the
14 amount of money to be granted to each of the listed municipalities,
15 and a written justification for each grant.

16 (d) It is the intent of the legislature that each year all of
17 the money in the National Petroleum Reserve - Alaska special revenue
18 fund be made available for appropriation by the legislature to munic-
19 ipalities that demonstrate under (c) of this section present impact,
20 or the need to determine or plan for future impact, from oil and gas
21 development under 42 U.S.C. 6508.

22 (e) A municipality may use the funds received under (d) of this
23 section only for the following activities and services to alleviate
24 the impact of the oil and gas development under 42 U.S.C. 6508 within
25 the National Petroleum Reserve - Alaska:

26 (1) planning;

27 (2) construction, maintenance, and operation of essential
28 public facilities by the municipalities; and

29 (3) other necessary public services provided by the

1 municipalities.

2 (f) Funds appropriated under (d) of this section may not be used
3 for the retirement of municipal debt.

4 (g) Amounts received by the state under 42 U.S.C. 6508 and not
5 appropriated for grants to municipalities under (d) of this section
6 shall lapse at the end of each fiscal year as follows:

7 (1) 50 percent to the principal of the Alaska permanent
8 fund;

9 (2) .5 percent to the public school fund (AS 37.14.110 -
10 37.14.150); and

11 (3) the remainder to the general fund for use by the state
12 for the following facilities and services:

13 (A) planning;

14 (B) construction, maintenance, and operation of essen-
15 tial public facilities; and

16 (C) other necessary public services.

17 * Sec. 3. Chapter 94, SLA 1984 is repealed.

18 * Sec. 4. The National Petroleum Reserve - Alaska special revenue fund
19 established by sec. 2 of this Act is a continuation of the fund established
20 by sec. 2, ch. 94, SLA 1984, repealed by sec. 3 of this Act, and the bal-
21 ance of the ch. 94, SLA 1984 fund shall be transferred accordingly.

22 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
23 10.070(c).