

Offered: 4/30/86
Referred: Rules

Original sponsor: Adams by request

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 491 (Finance)

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; it
12 also appears from the decision that the court would make National Petroleum
13 Reserve - Alaska money deposited in the public school fund (AS 37.14.110)
14 subject to the same segregation and accounting requirements as the money
15 deposited in the permanent fund; and

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

24 * Sec. 2. Section 2, ch. 94, SLA 1984 is amended to read:

25 Sec. 2. NATIONAL PETROLEUM RESERVE, ALASKA, SPECIAL REVENUE
26 FUND. (a) The National Petroleum Reserve - Alaska special revenue
27 fund is established. The fund consists of all money disbursed to the
28 state by the federal government under 42 U.S.C. 6508 (P.L. 96-514)
29 since December 12, 1980, less the amount deposited in the general fund

1 and expended by the state by general fund appropriations before
2 June 9, 1984 [SHALL CONSIST OF MONEY RECEIVED BY THE STATE FROM THE
3 FEDERAL GOVERNMENT UNDER 43 U.S.C. 1337 (P.L. 96-514)].

4 (b) The commissioner of revenue shall manage the National Petro-
5 leum Reserve - Alaska special revenue fund [IN ACCORDANCE WITH AS 37.-
6 10.070].

7 (c) The Department of Community and Regional Affairs shall adopt
8 regulations under which municipalities impacted by National Petroleum
9 Reserve - Alaska oil and gas development under 42 U.S.C. 6508 may
10 apply for and be eligible to receive grants to alleviate the impact.
11 The department shall give priority in the allocation of grants to
12 municipalities that are experiencing or will experience the most
13 direct or severe impact from oil and gas development under 42 U.S.C.
14 6508 within the National Petroleum Reserve - Alaska. The department
15 shall fund all meritorious grant applications out of the money appro-
16 priated to it each year. Within 10 days after the convening of each
17 regular session of the legislature, the department shall submit to the
18 legislature a list of all municipalities that have received grants, a
19 list of all municipalities determined by the department to be eligible
20 for further grants, a recommendation of the amount of money to be
21 granted for those additional applications, and written justification
22 of each past and potential grant [THE COMMISSIONER OF REVENUE SHALL
23 PAY TO THE SUBDIVISIONS OF THE STATE THAT ARE MOST DIRECTLY OR SEV-
24 ERELY IMPACTED BY DEVELOPMENT OF OIL AND GAS LEASED UNDER 43 U.S.C.
25 1337 THE AMOUNT APPROPRIATED BY THE LEGISLATURE FROM THE FUND FOR THAT
26 PURPOSE. IT IS THE INTENT OF THE LEGISLATURE THAT THE AMOUNT APPRO-
27 PRIATED FOR PAYMENT TO SUBDIVISIONS EQUAL 50 PERCENT OF THE AMOUNT
28 RECEIVED FROM THE FEDERAL GOVERNMENT UNDER 43 U.S.C. 1337 AND THAT
29 THIS PERCENTAGE BE REVIEWED ANNUALLY BY THE LEGISLATURE].

1 (d) It is the intent of the legislature that each year all of
2 the money in the National Petroleum Reserve - Alaska special revenue
3 fund be made available for appropriation by the legislature to munic-
4 ipalities that demonstrate under (c) of this section present impact,
5 or the need to determine or plan for future impact, from oil and gas
6 development under 42 U.S.C. 6508. It is the intent of the legislature
7 that an initial appropriation be made to the Department of Community
8 and Regional Affairs to cover anticipated impact grants, and that
9 additional funds be made available through supplemental appropriations
10 if the impact is greater than anticipated and the legislature con-
11 siders the additional grants proposed by the department to be meri-
12 torious [AMOUNTS RECEIVED BY THE STATE UNDER (a) OF THIS SECTION AND
13 NOT PAID UNDER (c) OF THIS SECTION SHALL BE USED BY THE STATE FOR THE
14 FOLLOWING ACTIVITIES AND SERVICES:

- 15 (1) PLANNING;
16 (2) CONSTRUCTION, MAINTENANCE, AND OPERATION OF ESSENTIAL
17 PUBLIC FACILITIES; AND
18 (3) OTHER NECESSARY PUBLIC SERVICES].

19 (e) A municipality may use the funds received under (d) of this
20 section only for the following activities and services to alleviate
21 the impact of the oil and gas development under 42 U.S.C. 6508 within
22 the National Petroleum Reserve - Alaska [AMOUNTS PAID TO SUBDIVISIONS
23 OF THE STATE UNDER (c) OF THIS SECTION SHALL BE USED BY THE SUBDIVI-
24 SIONS ONLY FOR THE FOLLOWING ACTIVITIES AND SERVICES IN CONJUNCTION
25 WITH DEVELOPMENT OF THE NATIONAL PETROLEUM RESERVE IN ALASKA AND A
26 PROGRAM OF COMPETITIVE LEASING OF OIL AND GAS FROM THAT RESERVE]:

- 27 (1) planning;
28 (2) construction, maintenance, and operation of essential
29 public facilities by the municipality [SUBDIVISIONS]; and

1 (3) other necessary public services provided by the munic-
2 ipality [SUBDIVISIONS].

3 * Sec. 3. Section 2, ch. 94, SLA 1984 is amended by adding new sub-
4 sections to read:

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

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

10 (1) 50 percent to the principal of the Alaska permanent
11 fund;

12 (2) .5 percent to the public school fund (AS 37.14.110);
13 and

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

16 (A) planning;

17 (B) construction, maintenance, and operation of essen-
18 tial public facilities; and

19 (C) other necessary public services.

20 * Sec. 4. This Act takes effect immediately in accordance with AS 01.-
21 10.070(c).