

HB--919

HOUSE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

April 27, 1976

Chairman Cotten call the meeting to order at 9:20 am for discussion of HB 919. Present were:

Rep. Cotten
Rep. Ose
Rep. Hackney
Rep. Ostrosky
Rep. Kelley
Rep. Freeman
Rep. Rudd

Brian Rogers, Staff
Cheryl Probst
Mike Davis
Mike Coumbe, Staff
Mary Van Nimwigen
Rep. Charlie Parr
Frank Cook

0047

HB 919 is the product of an initial study done by Rep. Parr; it is a timely idea now that OCS leases have been sold. The legislative finding is that development projects cause an immediate demand on services in a community and the developer has not borne the full impact and burden. Rep. Parr stated this is the first of nine federal leases to be sold off Alaska's shores. The intent of HB 919 is to be assured of repayment for costs of increased services needed to meet impact. When the State of Alaska appropriated money for pipeline impact it was for municipal services. This bill proposes to have the Department of Community & Regional Affairs estimate cost and then have developing company pay impact costs prior to completion of the project. The bill in original form had tax credit exemption, however the administration did not favor that portion of the bill because money needs to be furnished.

Rep. Freeman asked if impact is negative? Rep. Parr answered pipeline impact is not necessarily negative impact.

The committee discussed this further.

HOUSE COMMUNITY & REGIONAL AFFAIRS COMMITTEE

May 3, 1976

The meeting was called to order at 9:08 am by Chairman Cotten to hear testimony on HB 919. Present were:

Rep. Cotten	Rep. Charlie Parr
Rep. Davis	Brian Rogers
Rep. Freeman	Claire Lotspeich
Rep. Hackney	Cameron Edmondson, Marathon Oil
Rep. Ostrosky	Monte Taylor, Exxon
Rep. Ose	Ken Showalter, Sohio
Rep. Hershberger	Eugene F. Wiles, Socal
Rep. Kelley	Robert J. Walker, Exxon
	Sharon Lobaugh, Ak. Conservation So.

Eugene F. Wiles representing Standard Oil of California submitted four papers to the Committee: An Economic and Social Impact Study of Oil Related Activities in the Gulf of Alaska, by Mathematical Sciences Northwest, Inc.; Executive Summary by Math. Sciences NW., Inc.; Alaska Taxation of the Petroleum Industry done for the Alaska Oil and Gas Association; and a paper on the economic and social impact of potential petroleum development in the eastern sector of the Gulf of Alaska. Mr. Wiles discussed and read from the four reports. The main point he was making was that there will not be an immediate impact on the areas, and he called the fee a tax and it is in violation of the tax law.

Chairman Cotten asked if anyone would be able to submit their testimony in the remaining 10 minutes.

Sharon Lobaugh representing the Alaska Conservation Society stated she expects written testimony to be available for the Committee's consideration but it has not arrived at this time. The Alaska Conservation Society is generally supportive of the concept of the bill.

Chairman Cotten adjourned the meeting at 9:55 am.

HOUSE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

May 4, 1976

The meeting was called to order at 9:12 am by Chairman Cotten to complete hearing testimony on HB 919. Present were:

Rep. Sam Cotten	Brian Rogers, self
Rep. Kathryn Ostrosky	Claire Lotspeich, self
Rep. Al Ose	Paul Carr, D.C. & R.A.
Rep. Larry Davis	Lois Kramer, D.C. & R.A.
Rep. Glen Hackney	Cameron Edmondson, Marathon
Rep. Hershberger	Waco Shelly, Mobil
	Sharon Lobaugh, ACS
	Eugene F. Wiles, SOCAL
	Robert J. Walker, Exxon
	Rep. Charlie Parr
	Barbara Englert Thomas, Staff
	Jo Putman, Staff

1014

Chairman Cotten called upon Brian Rogers to testify. Mr. Rogers was representing himself as a tax payer. A report done by Math Services NW contains figures about the personnel to be employed, "the initial complement of crews required for rig operation will be from Cook Inlet or will be brought into Alaska from other areas." Additional people will require additional services as seen by the pipeline construction impact. Seward and Kodiak may be potential construction sites for platforms creating significant impact. If the construction site is placed as close to the site on shore as possible the communities will not feel the impact significantly, but neither will they receive the tax base and benefits. Of \$555 million investment required, \$85 million will be on shore of which \$25 million will not be brought into any local tax base. The population figures in the Math Sciences report are rather low estimates. If a new field is found each year then the activities illustrated in the development schedule will be repeated for each new field. So using the industry figures, Brian believes those figures will have to be tripled. Mr. Rogers submits that there has already been impact for the lease sales, SB 564 is a school bond package and included in that \$1.4 million for a school in Cordova and \$1.9 million for a school in Yakutat. Money is being put out now preparing for impact in advance. A problem we have with off shore oil development is there can be no state tax on the platforms. Mr. Rogers gave figures from OMB for additional population from increased OCS exploration and production in the Atlantic, the Gulf of Mexico, the Pacific and the Alaskan areas they believe that 64% of the population impact will be in Alaska and 70% of the cost of additional infrastructure will be in Alaska. IN a staff report prepared for the U. S. House of Representatives on Federal impact legislation of OCS states "state and local governments can require private owners and developers to ensure front end funding. Existing regulations now require companies to provide development plans, socio-economic impact information to state and local governments.

May 4, 1976

The rapid growth is what hurts the most. In Fairbanks suddenly the telephone system was inadequate, the road system was inadequate, whereas in the years preceding the pipeline the growth due to tourism and so on was relatively slow and could be met a little at a time. The OMB has estimated \$683 million worth of impact in the next nine years. That works out to about \$75 million a year or 10% of our state budget. I do not think any other industry has caused that large or quick an impact on the state. Rep. Ostrosky stated that all the studies that Mr. Rogers was referring to are impact studies that have been going on more than a year, it is an accepted concept that there will be drastic impact from this resource development and there will need to be front end monies available.

1646 Rep. Hackney asked how Mr. Rogers envisions a fee for a shore permit. Mr. Rogers stated it is a difficult problem but the bill does leave the department some leeway in computing these fees and after a couple of years of experience the legislature might want to look at it again and perhaps by statute rather than by regulation set up some formula.

1730 Waco Shelly, representing Mobil Oil Corporation, requested time, not to testify, but to unburden himself. He questions the practicality or workability of this bill. Mr. Shelly is opposed to trying to assess and make people pay in advance for something when they do not know what the magnitude is going to be.

Chairman Cotten stated we surely would be grateful if an industry representative were to offer some innovative suggestions as to what the state might do to prepare themselves for what appears to be a pretty heavy impact in the relatively near future.

0373 Mr. Shelly wanted to know how the state is going to separate the impact of oil development and any other industry?

Chairman Cotten stated the committee will take a few days to look at the figures now available and have another meeting to discuss the mechanism for fees.

0587 Rep. Parr asked Mr. Shelly if he had some alternate way to ensure the state gets some of the revenues from off shore drilling since the state does not have jurisdiction to tax beyond the three mile limit, no severance tax, no royalty tax, a distinction between onshore and offshore projects. Would the companies like to volunteer 12 1/2% royalty then we will not worry about the impact costs.

Mr. Shelly responded that he hopes, in time, the federal government will recognize the impact and come through with some impact funds.

0780 Meeting adjourned at 9:55 am

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

JAY S. HAMMOND, Governor

DIVISION OF COMMUNITY
PLANNING

POUCH B-JUNEAU 99801

May 3, 1975

The Honorable Sam Cotten
House of Representatives
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Cotten:

Attached for your information are several exhibits which describe the estimated magnitude of OCS oil and gas development in Alaska. Included is a discussion of the extent of OCS areas to be leased as well as a comparative analysis of various employment and population forecasts. Four major sources are used:

1. Mathematical Sciences Northwest, Inc.; An Economic and Social Impact Study of Oil Related Activities in the Gulf of Alaska; prepared for the Gulf of Alaska Operators Committee; May, 1975.
2. Office of Management and Budget; Comments on the Federal Energy Impact Assessment Act.
3. Resource Planning Associates, Inc.; Onshore Impacts of Oil and Gas Development in Alaska, prepared for the Environmental Protection Agency; November, 1975.
4. U. S. Department of the Interior, Bureau of Land Management; Proposed Oil and Gas Leasing in the Northern Gulf of Alaska, Final Environmental Impact Statement; 1975.

The forecasts themselves demonstrate a wide range of opinion concerning the magnitude of growth which will be experienced. Despite the differences, however, it is clear that even the most modest growth which is predicted will have considerable impact, particularly in the coastal communities.

Summarized below are major points to be made about each of the exhibits:

EXHIBIT A: Acreage Leased in the United States Outer Continental Shelf, 1954-1976.

1. During the period 1954-1976, a total of 485,000 U. S. outer continental shelf acres was leased each year.
2. Since 1973, yearly acreage leased has doubled, approaching 1,000,000 acres/year.

EXHIBIT B: Outer Continental Shelf Areas in Alaska Under Consideration for Leasing.

Nine areas are scheduled for lease sales in Alaska. They include:

Lower Cook Inlet
Gulf of Alaska - Northern Gulf
Gulf of Alaska - Kodiak
Aleutian Shelf
St. George Basin (Bering Sea)
Bristol Bay Basin
Norton Basin
Hope Basin
Beaufort Basin

EXHIBIT C: Proposed OCS Sale Schedule.

According to the national policy of accelerated leasing, all nine sales are scheduled to take place in the next three years. Two to three sales are anticipated for 1976; three to four for 1977; and three for 1978.

EXHIBIT D: Proposed Acreage to be Leased on Alaska's Outer Continental Shelf.

1. At the recent Northern Gulf lease sale, 409,000 acres were sold. This acreage approximates the total amount sold each year during the period 1954-1973.
2. Proposed acreage for the Kodiak, Lower Cook Inlet and Bering Sea sales is 5,730,000 acres--equivalent to almost half of the total acreage leased during the last twenty-two years.

EXHIBIT E: Estimates of OCS Employment and Population Growth, Alaska, 1978-1990.

1. By 1978, total OCS-related employment may increase by as much as 12,000-20,000. Overall population growth resulting from OCS development may be 30,000-48,000.

2. Peak employment and population growth is likely to occur in the early 1980's. Peak employment is estimated at 44,000-63,000; peak population at 110,000-135,000.
3. The Office of Management and Budget (OMB) anticipates that direct employment will drop off in 1987; Resource Planning Associates, Inc. (RPA) predicts it will continue to grow, but at a slower rate than previous years.
4. RPA's total employment forecasts assume a higher rate of growth in oil-linked and service industries than does OMB's forecasts.

EXHIBIT F: Estimates of Direct OCS Employment, Gulf of Alaska, 1976-1990.

1. Estimates of direct employment depend greatly on assumptions concerning the magnitude and timing of OCS activity. There is some disagreement about the speed at which growth in direct employment will occur. The Alaska Division of Geological and Geophysical Survey (DGGGS) anticipates that OCS activity will begin rapidly; BLM and Mathematical Sciences Northwest assume smaller levels of direct employment and slower rates of growth.
2. Beginning this year, the Gulf of Alaska will experience between six to ten years of continuous employment growth. During this period, direct employment will increase by 300 to as much as 4,000.

EXHIBIT G: Estimates of Total Employment, Gulf of Alaska, 1976-1990.

1. For every direct job created by oil and gas development on the Gulf of Alaska's outer continental shelf, between 1.7 and 3.0 other jobs will be created. It is likely that many of the other jobs will be in Anchorage.
2. Total employment will peak in the early 1980's with estimates of growth ranging from 3,250 jobs (Mathematical Sciences) to 15,000 jobs (RPA).

EXHIBIT H: Estimates of Total Population Growth, Gulf of Alaska, 1976-1990.

1. Population growth follows the pattern of total employment growth. On the average, family sizes are assumed to be between 2.0 and 2.5 persons. The relative smallness of the dependency ratios takes into account single migrant workers.
2. Estimates of peak population growth in the Gulf of Alaska range from 11,000 (DGGGS) to 54,000 (RPA).

EXHIBIT I: Comparative Employment Data, Kenai-Cook Inlet, 1961-1974.

In the eight years 1961 through 1968, total employment grew by 3,790 jobs or 180 percent. Mining and contract construction are the greatest contributors to the new employment. These two sectors are also subject to considerable fluctuation during the fourteen-year period.

EXHIBIT J: Direct Oil Industry Employment in Scotland.

The analysis spans a year and one-half. Direct oil industry employment in Scotland zoomed from a mere 4,100 to 16,000 in eighteen months.

Finally, I would like to include a quote from Charles Prokop of Exxon given in testimony before the Council on Environmental Quality, September 26-27, 1973:

"As production grows it would become necessary to have more and more personnel 'on location' until within a year or so a sizable community would develop near the producing area. If we keep our assumption of 200,000 B/D production as an example area, we could expect approximately 20 modest size business buildings, and two small hotels for temporary personnel and approximately 400 homes for the 600 people directly employed. A similar number would be expected to live outside the area in nearby cities with heavy emphasis still on Anchorage.

Of course, now supporting services would grow into the communities to serve the families of the employees, providing new jobs for those not directly associated with the industry. This could produce a community of near 2400 people and the churches, schools, recreation and service buildings accompanying a small population center. Land use would be approximately 6 square miles

There are several locations on the coastline of the Gulf which would accommodate sizable communities. At present Yakutat and Cordova are the only towns in the area under discussion. Neither is large enough to absorb even a part of the increased population, but either could be enlarged substantially should their positions be strategic. Yakutat would probably be the most ideally located of the two."

The Honorable Sam Cotten

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May 3, 1976

I hope that the attached information is helpful. If I can be of further assistance, please do not hesitate to ask.

Sincerely,

Kevin Waring

Kevin Waring
Director

Attachments

cc: Kathryn Ostrosky
Oral Freeman
Larry Davis
H. M. Hershberger
Glenn Hackney
Al Ose
Lisa Rudd
Ramona Kelley
Charlie Parr

EXHIBIT A
ACREAGE LEASED IN THE UNITED STATES
OUTER CONTINENTAL SHELF (OCS)
1954 - 1976

<u>Period</u>	<u>OCS Acreage Leased</u>
1954-1973	9,214,810
1974-1976	<u>2,795,685</u>
TOTAL	<u>12,010,495</u>

Source: U. S. Senate Committee on Interior and Insular Affairs, Federal Leasing of Petroleum on the Outer Continental Shelf, January, 1976.

EXHIBIT B
OUTER CONTINENTAL SHELF AREAS IN ALASKA
UNDER CONSIDERATION FOR LEASING

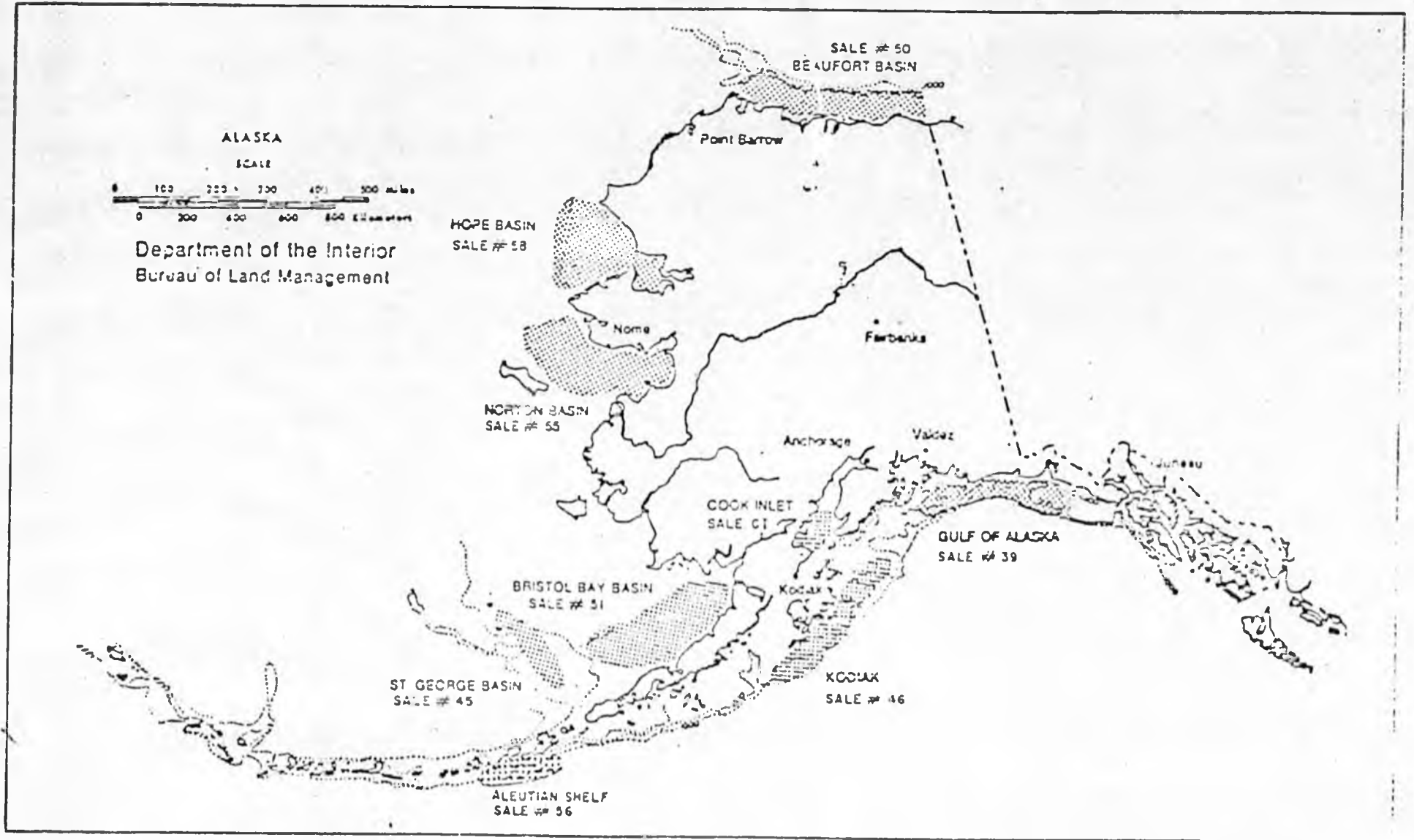


EXHIBIT C PROPOSED OCS SALE SCHEDULE

JUNE 1975
(REVISES NOVEMBER 1974 SCHEDULE)

SALE AREA	1974					1975					1976					1977					1978																				
	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N
SOUTH TEXAS 37																																									
CENTRAL GULF 38																																									
CENTRAL GULF 38A																																									
SOUTHERN CALIF. 39																																									
COCK INLET 1/																																									
GULF OF ALASKA 39																																									
GULF OF MEXICO (GENERAL) 41																																									
MID-ATLANTIC 40																																									
NORTH ATLANTIC 42																																									
GULF OF MEXICO (DRAINAGE) 44																																									
SOUTH ATLANTIC 43																																									
GULF OF ALASKA (INCLUDING KODIAK) 46																																									
BERING SEA (ST. GEORGE) 45																																									
GULF OF MEXICO (DEEP) 47																																									
SO. CALIFORNIA 48																																									
MID-ATLANTIC 48																																									
BEAUFORT SEA 50																																									
OUTER BRISTOL BASIN 51																																									
NORTH ATLANTIC 52																																									
CALIFORNIA GENERAL INCL. WASH. & OREGON 53																																									
SOUTH ATLANTIC (BLAKE PLATEAU) 54																																									
BERING SEA (MORTON BASIN) 55																																									
GULF OF ALASKA - ALEUTIAN SHELF 56																																									
CHUKCHI SEA HOPE BASIN 57																																									

BS: Baseline Studies Included
 C: Call for Notifications
 ND: Notifications Due
 T: Advertisement of Tracts
 DES: Draft Environmental Statement
 PH: Public Hearing
 FES: Final Environmental Statement
 N: Notice of Sale
 L: State May Conduct Sale

Baseline studies scheduled are contingent upon scientific personnel and equipment being available in particular the studies.
 Sales are contingent upon information being available for exploration and development. A decision whether to hold any of the lease sales listed will not be made until completion of all necessary studies of the environmental impact and the holding of public hearings; as a result of the environmental, technical, and economic studies employed in the decision-making process, a decision, say, in fact, to make not to hold any sale on the schedule.



Carl R. Becklund

Director,
Bureau of Land Management

EXHIBIT D
PROPOSED ACREAGE TO BE LEASED
ON ALASKA'S OUTER CONTINENTAL SHELF

<u>Area</u>	<u>Sale Number</u>	<u>Proposed Acreage</u>
Northeast Gulf of Alaska	39	408,592 (actual)
Kodiak	46	3,179,660
Lower Cook Inlet	--	865,364
Bering Sea (St. George Basin)	45	1,682,389
Beaufort Sea	50	No information available
Outer Bristol Basin	51	No information available
Bering Sea (Norton Basin)	55	No information available
Gulf of Alaska (Aleutian Shelf)	56	No information available
Chukchi Sea	57	No information available

EXHIBIT E
ESTIMATES OF OCS EMPLOYMENT AND POPULATION GROWTH
STATE OF ALASKA, 1978-1990

<u>Year</u>	<u>Direct Employment</u>		<u>Total Employment</u>		<u>Population</u>	
	<u>RPA¹</u>	<u>OMB²</u>	<u>RPA</u>	<u>E OMB³</u>	<u>RPA</u>	<u>OMB⁴</u>
1978	5,500	4,300	20,000	11,800	48,000	29,600
1980	15,000	16,100	63,000	44,300	135,000	110,700
1987		8,100		22,300		55,700
1990	16,000		95,000		246,000	

Notes

1. Estimates taken from Resource Planning Associates, Inc., Onshore Impacts of Oil and Gas Development in Alaska, Volume I, prepared for the Environmental Protection Agency, November, 1975. Included in totals are estimates for OCS development in the Gulf of Alaska, Beaufort Sea, Bering Sea, Lower Cook Inlet, Kotzebue Sound, Bristol Bay and Chukchi Sea.
2. Estimates taken from Office of Management and Budget Comments on the Federal Energy Impact Assessment Act.
3. CRA estimates using OMB assumptions of direct to total employment multiplier of 2.75.
4. CRA estimates using OMB employment to population multiplier of 2.5.

EXHIBIT F
ESTIMATES OF DIRECT OCS EMPLOYMENT
GULF OF ALASKA, 1976-1990

<u>Year</u>	<u>DGGS</u> ¹	<u>FEIS</u> ²	<u>MATH SCI</u> ³	<u>RPA</u> ⁴
1976	1,085	296	291	
1977	1,800	888	622	
1978	2,160	1,284	936	1,000
1979	2,438	1,284	1,250	
1980	2,825	1,626	1,486	4,000
1981	2,610	1,686	1,410	
1982	2,380	1,594	1,191	
1983	3,290	1,650	940	
1984	1,815	2,370	951	
1985	1,335	2,306	886	
1986	1,285	1,302		
1987	1,285	1,302		
1990	1,285			4,000

1. Division of Geological and Geophysical Surveys; Gulf of Alaska Development Model.
2. U. S. Department of the Interior, Bureau of Land Management; Proposed Oil and Gas Leasing in the Northern Gulf of Alaska, Final Environmental Impact Statement; 1975.
3. Mathematical Sciences Northwest, Inc.; An Economic and Social Impact Study of Oil Related Activities in the Gulf of Alaska; prepared for the Gulf of Alaska Operators Committee; May, 1975.
4. Resource Planning Associates, Inc.; Onshore Impacts of Oil and Gas Development in Alaska; prepared for the Environmental Protection Agency; November, 1975.

EXHIBIT G
ESTIMATES OF TOTAL EMPLOYMENT
GULF OF ALASKA, 1976-1990

<u>Year</u>	<u>DGGS</u> ¹	<u>FEIS</u> ²	<u>MATH SCI</u> ³	<u>RPA</u> ⁴
1976	1,845	883	796	
1977	3,060	2,649	1,414	
1978	3,672	3,835	2,132	5,000
1979	4,145	3,835	2,723	
1980	4,803	4,882	3,036	15,000
1981	4,437	5,081	3,250	
1982	4,046	4,817	2,793	
1983	5,593	6,505	2,289	
1984	3,085	7,168	2,623	
1985	2,270	5,615	2,601	
1986	2,185	4,351		
1987	2,185	3,939		
1990	2,185			24,000

1. Estimates derived from Division of Geological and Geophysical Survey Forecasts for direct employment. CRA assumed a direct to total employment multiplier of 1.7.
2. U. S. Department of the Interior, Bureau of Land Management; Proposed Oil and Gas Leasing in the Northern Gulf of Alaska, Final Environmental Impact Statement; 1975.
3. Mathematical Sciences Northwest, Inc.; An Economic and Social Impact Study of Oil Related Activities in the Gulf of Alaska; prepared for the Gulf of Alaska Operators Committee; May, 1975.
4. Resource Planning Associates, Inc.; Onshore Impacts of Oil and Gas Development in Alaska; prepared for the Environmental Protection Agency; November, 1975.

EXHIBIT II
ESTIMATES OF TOTAL POPULATION GROWTH
GULF OF ALASKA, 1976-1990

<u>Year</u>	<u>DGGS</u> ¹	<u>FEIS</u> ²	<u>MATH SCI</u> ³	<u>RPA</u> ⁴
1976	3,723	708	1,606	
1977	6,175	2,120	2,853	
1978	7,410	3,366	4,302	14,000
1979	8,365	3,366	5,495	
1980	9,692	6,298	6,127	33,000
1981	8,954	8,141	6,558	
1982	8,165	8,850	5,636	
1983	11,287	12,602	4,619	
1984	6,226	14,124	5,293	
1985	4,581	11,570	5,248	
1986	4,409	9,462		
1987	4,409	8,521		
1990	4,409			54,000

1. Estimates derived from Division of Geological and Geophysical Survey Forecasts for direct employment. CRA assumes a dependency ratio of 2.018 (provided by the Alaska Department of Labor).
2. U. S. Department of the Interior, Bureau of Land Management; Proposed Oil and Gas Leasing in the Northern Gulf of Alaska, Final Environmental Impact Statement; 1975.
3. Mathematical Sciences Northwest, Inc.; An Economic and Social Impact Study of Oil Related Activities in the Gulf of Alaska; prepared for the Gulf of Alaska Operators Committee; May, 1975.
4. Resource Planning Associates, Inc.; Onshore Impacts of Oil and Gas Development in Alaska; prepared for the Environmental Protection Agency; November, 1975.

EXHIBIT I
COMPARATIVE EMPLOYMENT DATA
1961-1974
KENAI-COOK INLET LABOR AREA

	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>% Increase 1961-1970</u>	<u>% Increase 1961-1974</u>
Total Civilian Work Force	2,512	3,123	3,274	3,318	2,914	3,883	5,415	6,475	6,262	5,560	5,508	5,967	5,748	6,179	121%	146%
Total Employment	2,102	2,664	2,723	2,830	2,510	3,383	4,936	5,892	5,510	4,745	4,594	5,022	4,831	5,375	126%	156%
Total Unemployment	410	459	551	488	404	500	479	583	752	815	914	945	917	970	99%	137%
Non-agricultural wage and salary employment	960	1,284	1,322	1,397	1,754	2,462	3,677	4,470	4,153	3,576	3,454	3,822	4,049	4,487	273%	367%
Mining	155	169	159	179	212	415	915	1,099	966	652	525	528	560	503	321%	225%
Contract Construction	57	94	99	128	259	**	821	1,209	736	354	398	433	343	441	521%	674%
Manufacturing	138	198	236	266	265	258	260	333	482	583	524	553	629	716	322%	419%
Transportation, communi- cations and utilities	90	104	94	107	124	141	306	267	273	293	254	280	296	404	226%	349%
Trade	113	134	152	151	219	303	357	432	528	507	466	502	507	627	349%	455%
Finance, insurance and real estate	27	34	44	**	**	**	**	**	**	**	**	79	81	90	**	233%
Services	86	154	135	**	180	263	334	401	364	339	338	446	596	671	294%	680%
Miscellaneous	*	*	*	*	**	**	**	**	**	**	**	55	90	88	**	*
Government	294	397	403	380	445	595	611	641	701	751	873	946	947	947	155%	222%

*Services and miscellaneous aggregated

**Withheld to comply with disclosure regulations

EXHIBIT J
OIL INDUSTRY EMPLOYMENT IN SCOTLAND

TABLE 5.6 CHANGES IN OIL INDUSTRY EMPLOYMENT, MARCH 1973-DECEMBER 1974

	<i>Mar. '73</i>	<i>Jun. '73</i>	<i>Sep. '73</i>	<i>Dec. '73</i>	<i>Mar. '74</i>	<i>Jul. '74</i>	<i>Oct. '74</i>	<i>Dec. '74</i>
Inverness and Easter Ross	1 840	1 795	2 040	3 205	4 175	4 375	3 520	4 025
Remainder of Highlands and Islands	50	65	50	85	395	930	1 365	1 565
North East	1 410	2 305	2 305 ^b	3 730	4 065	4 715	5 495	6 925
Tayside	25	35	95	135	150	280	475	765
East Central ^a	665	770	910	975	1 815	2 530	2 430	2 080
West Central ^c	110	170	250	480	675	785	855	870
Total	4 100	5 140	5 650	8 610	11 275	13 615	14 140	16 230

- a. East Central is equivalent to the Firth of Forth region as described in Chapter 6.
- b. No fresh figure was published for this quarter, therefore previous total has been carried forward.
- c. The figures for West Central Scotland do not include workers engaged in rig construction work in Clyde shipyards, e.g. Marathon, Clydebank. In December 1974 workers in this category numbered 1935.

Source: Department of Employment.

Source: Hutcheson, MacGregor and Hogg, Alexander, Scotland and Oil, 1975, p. 61.

National Governors' Conference



1150 Seventeenth Street N.W. Suite 600
Washington, D.C. 20036
(202)785-5600

Robert D. Ray
Governor of Iowa
Chairman

February 3, 1976

W.I. Bob Palmer
Chief of Staff
Office of the Governor
Pouch A
Juneau, Alaska 99811

Dear Bob:

Pursuant to our discussion last week relevant to pending legislation to impact assistance, I am sending to you as an attachment the following material:

- 1) Staff draft of January 28, 1976 - "Federal Energy Development Impact Assistance Act of 1976".
- 2) A fact sheet prepared by OMB addressing the various provisions of the above referenced bill.

Please be advised Bob that the fact sheet was prepared on OMB's initial estimate of the impacts that would be created in the various States should this bill pass. There have been several redrafts of the bill, and as a result, some of the initial points referred to in the fact sheet may no longer be applicable. As a result, please don't take everything reflected in the fact sheet as gospel.

The meeting held in Denver last Wednesday evening proved to be most productive, particularly in light of Monday's discussion which we attended. There are still a number of questions in respect to debt ceiling and the constitutional prohibition of State administrative structure on borrowing that need to be worked on. In addition, the question of appropriate security for local units of government may prove to be most unworkable.

You should be receiving under separate cover a copy of a preliminary work program prepared by Jim Monaghan of Colorado. There are a number of issues which the task forces could explore; however, the more we look at the subject the more it appears that we should refine issues to the point that they don't become academic in nature. When you receive this document from Jim, I am sure you will understand my point more clearly.

It would be helpful to analyze this bill in relation to your understanding and position of various OCS bills that are now before the Congress. The critical question would be as follows: "Are loan guarantees and grants more attractive than grants, to ameliorate Net Adverse Impacts"?

Both Jim and I would appreciate your views on the subject as quickly as possible as the impact assistance bill may be introduced within the next several days. Further, any other additional comments that you think appropriate would be welcome.

With kindest personal regards.

Sincerely,

A handwritten signature in dark ink, appearing to read 'TJD', followed by a horizontal line extending to the right.

Thomas J. Dennis
Interstate Coordinator for
Energy Programs

bcc: Jim Monaghan

4/28/76

HB 919

<u>Name</u>	<u>Organization</u>
Monte Taylor	Exxon Co., USA
Eugene H. Miles	Local
Ken Shauver	Ohio
Kevin Waring	Dept of Com + Reg Affairs
Bob Warden	Office of Governor
Conrad Furlow	Office of Governor
Paul Coore	Dept of Community + Regional Affs
Rogee V. Lewis	Dept. NATURAL RESOURCES
Robert J. Walker	EXXON

Sam - These are the comments Dept. of Revenue had on HB 564, but since the tax credit provision was taken out they have no concerns or interests in HB 919

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5 - JUNEAU 99811

January 26, 1976

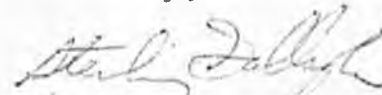
The Honorable Charles H. Parr
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Parr:

I appreciate what you are trying to accomplish in your bill providing for permits and fees for the construction of shore facilities associated with off-shore natural resource extraction. If industry is not going to pay its way, it is only right for them to equalize the cost. However, I do not feel it should be credited against future taxes. Governments have to live in the long run as well as the short run. The administration does not favor that portion of the bill.

We do like the concept of the bill but feel that portion should be changed.

Sincerely,



Sterling Gallagher
Commissioner

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

OCS Impact
JAY S. HAMMOND, GOVERNOR

POUCH 5 - JUNEAU 99811

February 4, 1976

Honorable Nels Anderson
Chairman
House Resources Committee
Alaska State Legislature
State Capitol Building
Juneau, AK 99811

Re: House Bill No. 564

Dear Mr. Anderson:

House Bill No. 564, an Act providing for permits and fees for the construction of shore facilities associated with off-shore natural resources extraction was introduced in the House on January 14, 1976 and was referred to the House Resources and Finance Committees.

For the consideration of the House Resources Committee, I am enclosing a copy of a memorandum dated January 26, 1976 from Thomas K. Williams, Director, Petroleum Revenue Division, Department of Revenue, Anchorage relating to problems of administration of the proposed legislation.

If you or any members of the House Resources Committee have any questions on the material submitted, please telephone the writer at 465-2397 and I will contact Mr. Williams in Anchorage for further information.

Very truly yours,

R. D. Stevenson
Special Assistant

cc: The Honorable Hugh Malone
Chairman
House Finance Committee

The Honorable Charles Parr
Prime Sponsor - HB 564

Thomas K. Williams
Director
Petroleum Revenue Division
Department of Revenue
Anchorage, Alaska

MEMORANDUM

State of Alaska

TO: R. D. Stevenson
Special Assistant
Department of Revenue
Juneau

DATE: January 26, 1976

FILE NO:

TELEPHONE NO:

FROM: Thomas K. Williams *TKW*
Director
Petroleum Revenue Division
Department of Revenue

SUBJECT: House Bill No. 564

Offered in response to your request are the following observations on HB 564:

1. The primary effect on Treasury would be a pre-payment into the General Fund of State tax revenues from the extraction of offshore natural resources.
2. The bill invites litigation between impacted local governments and the State over the local government's uncompensated service expenses.
3. The bill fails to specify whether interest earned on the fee for the permit would be credited against State or local taxes.
4. The bill fails to consider what happens if a Permanent Fund is established and if some monies going into that Fund were from State taxes (e.g., AS 43.56) against which the fee for the permit could be credited: would part of the permit fee go into that Fund when paid, or would it go in as the credit was taken against those State taxes?

TKW:lgh

Milton A. Wiltse
SRA 20826
Fairbanks, Alaska 99701
February 9, 1976

Honorable Charles H. Parr
Alaska State House of Representatives
Pouch V
State Capitol
Juneau, Alaska 99811

Dear Mr. Parr:

Enclosed are modifications for three Bills which I would like to submit for your consideration. A brief review of my suggested changes will show that my concern is directed at what I believe to be an unhealthy tendency exhibited by the executive branch of our state government to achieve the effect of legislation by agency regulation rather than legislative process. If passed in their present form, all of the Bills cited would have the effect of placing more control of the Alaskan public's resources in the hands of executive appointees and the bureaucratic agencies which they administer. I would much prefer to see such significant policy decisions remain the sole prerogative of my elected representatives.

In my opinion, the agencies may advise, but policy is the responsibility of the legislature. To assure the unbiased and professional quality of the advice submitted, I believe it mandatory that the qualifications of persons chosen to give such advice should be subject to legislative review and approval.

Thank you for your consideration.

Respectfully yours,

Milton A. Wiltse

Milton A. Wiltse

Enclosures

Senate Bill 564

Overall concept of this bill appears to be sound. However, nowhere in the bill is there any control mechanism to ensure that the fees collected are, indeed, immediately used to provide those specific services and facilities for which they were collected. The moneys are determined by estimation and handed on to the local government with no further control on them. I believe the fee permit should state " \$x assessed for schools, \$x assessed for sewage, \$x assessed for fire, " etc. (since these figures will be generated to arrive at the total fee in any case).

It also appears that since the fees are being collected for the purpose of providing services and facilities for the communities affected, that some provision be made for a company to provide services and facilities in kind. For example, a company might well be able to build and provide a community sewage treatment plant which was superior to, and less expensive than one constructed on state bid. Since the objective is the facility, not the revenue, I believe it would be appropriate to provide for such a manner of meeting permit costs.

State Exhibits
#38
in case against Klepp
to delay the lease
sale

TABLE 1

	<u>North Atlantic</u>	<u>Mid-Atlantic</u>	<u>South Atlantic</u>	<u>Gulf of Mexico</u>	<u>Pacific</u>	<u>Alaska</u>	<u>Total</u>
Production (million barrels per year by 1985) ^{1/}	57	114	19	343	385	161	
Peak Employment ^{2/}	2520	5880	830	8500	5600	19,200	
Permanent Employment ^{2/}	1020	2040	340	3800	3400	8,100	
Average of Peak & Permanent Employment	1770	3960	585	6150	4500	13,650	
Net Additional New Employment ^{3/}	1328	2970	439	3998	3150	13,650	
Average Additional Population ^{4/}	5976	13,365	1976	17,991	14,175	64,185	
Cos. of Additional Infrastructure ^{5/}	\$30M	\$67M	\$10M	\$90M	\$71M	\$683M	\$951M

Based on estimates from Department of Interior.

Based on labor input factors supplied by American Petroleum Institute and a rapid
exploration and development scenario in every area.

- 3/ Assumes at least 75% of employees will be new to the Atlantic areas; 60% will be new to the Gulf areas; 70% will be new to the Pacific areas; and 100% will be new to the Alaska areas.
- 4/ Assumes direct to total employment multiplier of 2.75 in Alaska and 1.8 in all other areas and employment to population multiplier of 2.5 in all areas.
- 5/ At \$7250 per capita in Alaska and \$5000 per capita in all other areas.

↓
 $88,000 \text{ people} \times \$7250 = \$638 \text{ million}$

↓
 $18,000 \text{ people} \times \$5000 = \$90 \text{ million}$