

Original sponsor: Rules/Governor

Offered: 4/15/82
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

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CS FOR HOUSE BILL NO. 889 (Finance)

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IN THE LEGISLATURE OF THE STATE OF ALASKA

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TWELFTH LEGISLATURE - SECOND SESSION

5

A BILL

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For an Act entitled: "An Act relating to the sale of royalty oil by the
7 State of Alaska to Doyon, Ltd.; and providing for an
8 effective date."

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

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* Section 1. The "Agreement for the Sale and Purchase of Royalty Oil

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between the State of Alaska and Doyon, Ltd." (dated February 26, 1982) which

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is referred to in the Department of Natural Resources' "Review of Alaska

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Royalty Oil Policy and Findings for Proposed Disposition of Royalty Oil"

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(dated February 26, 1982) as "Doyon I," is approved and ratified provided

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that by October 1, 1982, the governor makes a written finding that financing

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for the refinery required by Article III, Section 3.4 of the Agreement for

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the Sale and Purchase of Royalty Oil between the State of Alaska and Doyon,

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Ltd., has been obtained and that the project is otherwise imminent and viable.

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* Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-

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070(c).

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 29, 1982

The Honorable Joe L. Hayes
Speaker of the House
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18 of the Alaska Constitution, I am transmitting two bills which provide legislative approval of royalty oil contracts. One bill covers the contract between the state and Tesoro Alaska Petroleum Company, and the other bill covers the contract between the state and Doyon, Ltd.

These contracts are described in great detail in the 238-page "Review of Alaska Royalty Oil Policy and Findings for Proposed Disposition of Royalty Oil," issued by the Department of Natural Resources on February 26, 1982. Copies of these findings and a 14-page summary of these findings have previously been made available to the legislature and individual legislators for review. The Doyon contract submitted for approval is a contract referred to in the findings as "Doyon I."

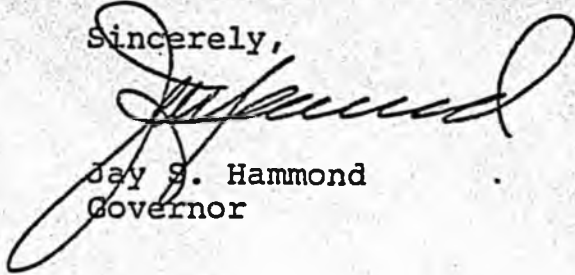
These contracts are being submitted for legislative approval for two reasons. First, although this administration has always taken the position that the statutory requirement of legislative approval of royalty oil contracts is unconstitutional (AS 38.06.055), as a matter of comity I have always respected the legislature's desire to have a direct voice in major disposals of royalty oil. Therefore, these contracts contain provisions requiring approval by the legislature before they become effective. Second, these bills would ratify the agreements for the sale of oil. This ratification would cure any procedural defect that may have occurred in the process of entering into these contracts.

Although we believe that all necessary steps have been taken, the statutes and regulations governing the disposal of royalty oil represent often conflicting desires and goals, both procedural and substantive. For example, even

HB 888
HB 889

if statutorily requiring legislative approval were constitutional, the present statutes provide, on the one hand, that the legislature is to approve the contract by enacting legislation (AS 38.06.055(a)), but, on the other hand, they also provide that a report of the Royalty Board "shall be submitted for legislative review at the time of (sic) resolution for legislative approval of a proposed disposition of royalty oil and gas is introduced in the legislature" (AS 38.06.070(c)). Since legislative approval is required anyway as a matter of contract, I believe it only prudent to present these contracts for legislative approval and ratification at this time.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Jay S. Hammond". The signature is written in a cursive, flowing style with a prominent loop at the end.

Jay S. Hammond
Governor

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HR 880
 Title Act relating to the sale of royalty oil by the State of Alaska to Doyon,
 Requested by House Resources Date 4/7/82

II. FISCAL DETAIL

Agency Affected Natural Resources/Revenue
 Program Category Affected Royalty Payments/Severance Tax Payments
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
Revenues Lost	0	0	0	0	0	0
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

IV. DATE April 7, 1982 PREPARED BY House Special Gas Pipeline Committee
 AGENCY _____
 Original: Legislative Finance PHONE _____
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)



Official Business

Alaska State Legislature
House of Representatives
Office of The Majority Leader

Pouch V
State Capitol
Juneau, Alaska 99811

April 7, 1982

MEMORANDUM

TO: Al Adams
Finance Committee Chairman

FROM: Rick Halford
House Special Gas Pipeline Committee Chairman

SUBJECT: 0 Fiscal Note for HB 889

A handwritten signature in cursive script that reads "Rick Halford".

The House Special Gas Pipeline Committee has moved HB 889 "An Act relating to the sale of royalty oil by the State of Alaska to Doyon, Ltd.; and providing for an effective date." - with a 0 Fiscal Note.

However, the Commissioner of Natural Resources has assured this Committee that he will forward to your Committee, an extensive detailed fiscal analysis to accompany the 0 Fiscal Note, for your review and consideration.

Introduced: 3/29/82
Referred: Special Gas Pipeline
Committee and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

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3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

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11 between the State of Alaska and Doyon, Ltd." (dated February 26, 1982) which
12 is referred to in the Department of Natural Resources' "Review of Alaska
13 Royalty Oil Policy and Findings for Proposed Disposition of Royalty Oil"
14 (dated February 26, 1982) as "Doyon I," is hereby approved and ratified.
15 That agreement provides that it is void if Doyon, Ltd. or its assignee pur-
16 chases or gains a controlling interest in either the Mapco Alaska refinery or
17 the royalty oil contract with Mapco Alaska by May 1, 1982.

18 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.
19 070(c).