



Original sponsor: Kerttula

Funding Information  
General Fund \$700,000  
Other Funds -0-  
\$700,000

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 348 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation for the  
7 operation of the legislature; and providing for an  
8 effective date."

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

10 \* Section 1. The sum of \$700,000 is appropriated from the general fund  
11 to the Legislative Affairs Agency for the operation of the Thirteenth  
12 Legislature-Second Session to be allocated as follows:

- 13 (1) senate operations fund 350,000  
14 (2) house and senate resources committees for a  
15 lobbying effort to influence United States  
16 Senate action amending the Export Administration  
17 Act to allow the export of a limited amount  
18 of Alaska crude oil 350,000

19 \* Sec. 2. The unexpended and unobligated portion of the appropriation  
20 made by this Act lapses into the general fund June 30, 1984.

21 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
22 10.070(c).

provided by senator  
Fahrenkamp

Section 1 of proposed CS:

Allocation of the sum of \$350,000 for the operation of the  
Thirteenth Legislature-Second Session as follows:

Television coverage of senate proceedings		\$250,000 → see attachments
operating expenses of the Senate Oil and Gas Committee		100,000
Personal services PA	56.4	
(salary plus fringe)		
Travel	16.2	
Contractual	25.0	
Commodities	1.2	
Equipment	1.2	
	<u>100.0</u>	
		<hr/>
		\$350,000

MEMORANDUM

TO: REP. AL ADAMS  
HOUSE FINANCE CHAIRMAN

FROM: SENATOR JAY KERTTULA  
SENATE PRESIDENT

SUBJECT: SB 348  
BACKGROUND INFORMATION

DATE: FEBRUARY 13, 1984

The supplemental appropriation of \$250,000 for operation of the legislature in SB 348 is needed to fund the television coverage contracted for by the Senate for the 1984 session. In addition, a portion of the amount will be used to cover expenses of the outstanding lawsuits against the Senate which stem from the joint session on confirmation during the 1983 session.

*There would be no problem except for  
gov. veto of the leg fund in 83--  
Jay*

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

CONTRACT BETWEEN

STATE OF ALASKA  
LEGISLATIVE AFFAIRS AGENCY

AND

ROARK-HARMON ASSOCIATES  
211 4th Street, Suite 100  
623 Basin Road  
Juneau, Alaska 99801

CONTRACT AMOUNT \$\$208,669.95

The parties to this agreement are the Legislative Affairs Agency, on behalf of the Alaska State Senate, hereinafter referred to as the "Agency", and Roark-Harmon Associates, hereinafter referred to as the "Contractor".

THE PURPOSE OF THIS AGREEMENT IS TO PROVIDE for the production of television coverage of the Senate during the 1984 Legislative Session.

CLAUSE I - STATEMENT OF WORK

- (A) The Contractor shall perform the work as stated in Exhibit A (Contractor's Proposal), with the exception of paragraph 9, page 1 of the Contractor's Proposal. This work will be billed to each legislator on a cost only basis.
- (B) The Contractor will coordinate with the Agency in acquiring the necessary transponder time, to be paid by the Agency, sufficient for carrying out the purposes of this contract.
- (C) The Contractor shall perform the work in this contract using the highest quality of professional standards that are un-biased and balanced.
- (D) The Contractor shall transmit the legislative television coverage for local telecasting on a same day basis to the Alascom Satellite Broadcasting Station(s) for transmission to other locations in the state.
- (E) The Contractor shall provide daily indexing of programs indicating individuals interviewed or those whose statements are broadcast, subjects covered, and specific bill numbers for subjects discussed for submittal to the Alaska State Library in Juneau on a regular basis.

CLAUSE II - PERIOD AND DATES OF PERFORMANCE

The work under this contract shall be performed from January 7, 1984 to April 7, 1984.

CLAUSE III - PROJECT DIRECTOR

The Project Director shall be M. R. Charney, Executive Director, Legislative Affairs Agency.

CLAUSE IV - COMPENSATION AND METHOD OF PAYMENT

For the work specified in this contract, the Contractor shall be compensated at the rate specified in Exhibit A, attached hereto (Contractor's Proposal). An initial payment of \$10,00 (Ten Thousand Dollars) will be made upon execution of this contract. Billings may be submitted every two (2) weeks and approved by the Project Director.

CLAUSE V - OFFICE SPACE, SUPPLIES, PERSONNEL AND EQUIPMENT

(A) Office space, supplies, personnel and equipment that will be necessary to carry out Contractor's obligations under this contract shall be supplied by Contractor at no cost to the Agency except where provided otherwise in this Clause.

(B) A list of state owned equipment that is available for use by the Contractor for this contract is attached hereto as Exhibit B. The Contractor shall maintain state owned equipment in satisfactory operating condition. The Contractor shall return state owned equipment to the Agency no later than five days after the end of the 1984 Legislative Session, in as good condition as when received, less reasonable wear. Storage and handling of equipment is the responsibility of the Contractor.

(C) Sufficient tapes shall be provided by Contractor for production, including a master tape and a security copy. The master tape shall be maintained as required by FCC regulations and be permanently deposited with the Alaska State Library in Juneau. All tapes must meet applicable FCC broadcast and program content requirements and provide an adequate signal for transmission via satellite.

CLAUSE VI - RECORDS, DOCUMENTS AND AUDIT

The Contractor shall maintain accurate records, including detailed time records as may be required by the Project Director. The records are subject to inspection by the Agency or the Project Director at all reasonable times. All documents, tapes and writings generated as a consequence of work done under this contract shall become the property of the State of Alaska and, on completion of the work or at the termination of this contract, shall be delivered to the Project Director or the Alaska State Library.

CLAUSE VII - STATE HELD HARMLESS

The Contractor shall indemnify and hold the State of Alaska, its officers, agents and employees harmless from liability of any nature or kind, including costs and expenses for or on account of any or all legal actions or claims of any character whatsoever resulting from injuries or damages sustained by any person or property arising from the Contractor's performance of the contract in any way whatsoever.

CLAUSE VIII - COMPLIANCE WITH ALL LAWS AND REGULATIONS

The Contractor shall comply with all applicable state and federal laws and regulations concerning the performance of this contract. The Contractor shall pay all state and federal taxes incurred by the Contractor.

CLAUSE IX - DISPUTES

A dispute concerning a question of fact arising under this contract which is not disposed of by agreement between the Agency and the Contractor shall be decided by the Project Director; the decision shall be reduced to writing and delivered to the Contractor at the address specified on page 1. The decision of the Project Director is final and conclusive.

CLAUSE X - TERMINATION

This contract may be terminated by the Agency upon a 7 (seven) day written notice to the Contractor delivered to the address specified on page 1 of this contract. If this contract is terminated, the Contractor shall be compensated for services provided under the terms of this contract to the date of termination.

CLAUSE XI - VENUE

In the event of contract litigation, venue shall be the Superior Court for the State of Alaska, First Judicial District, at Juneau and the contract shall be interpreted according to the laws of Alaska.

CLAUSE XII - CERTIFICATION

Execution of this contract by the Executive Director or his designee, hereby constitutes a certification that funds have been appropriated and encumbered for the amount of this contract.

CLAUSE XIII - MODIFICATIONS AND PREVIOUS AGREEMENTS

This contract contains the entire agreement between the parties. A statement, promise or inducement made by a party or an agent of a party is not valid or binding unless the statement, promise or inducement is contained in this written contract. This contract may not be enlarged, modified, or altered except upon written agreement signed by all parties to the contract.

IN WITNESS WHEREOF, the parties have executed this agreement on the dates indicated below.

CONTRACTOR

LEGISLATIVE AFFAIRS AGENCY

ROARK-HARMON ASSOCIATES                      Date  
IRS 92-0087334  
AK BUS. LIC # 092532

M. R. CHARNEY                      Date  
EXECUTIVE DIRECTOR

Accepted:

Approved to form:

  
SENATOR JALMAR KERTTULA                      Date  
PRESIDENT OF THE SENATE

BILLY G. BERRIER                      Date  
AGENCY LEGAL COUNSEL

 1/11/84  
CO-CHAIRMAN SENATE FINANCE                      Date

  
SENATOR BILL RAY                      Date

M. R. CHARNEY                      Date  
PROJECT DIRECTOR

BUDGET  
HCSSB 348, Supplemental Appropriation  
to  
Senate/House Resources Committees  
(Line 14, (2) Sec. 1)

1.	Media relations (visit media) . . . . .	\$25,000
2.	Direct Mail . . . . .	150,000
3.	Press kits, production and distribution. . . . .	30,000
4.	Staff coordination, oversight. . . . .	13,000
5.	Professional services (est.) . . . . .	50,000
6.	Miscellaneous and contingency . . . . .	5,000
7.	Audio-visual production, Distribution	
	Videotape . . . . .	30,000
	Radio . . . . .	22,000
8.	Brochures and other printed materials . . . . .	25,000

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TOTAL \$350,000

DEPARTMENT OF NATURAL RESOURCES

<u>BRU/COMPONENT</u>	<u>PROJECT/TITLE</u>	<u>SL 1</u>	<u>GOVERNOR</u>		<u>IMPACT OF FUNDING LEVEL INCREMENT/(DECREMENT)</u>
			<u>G. F.</u>	<u>Total</u>	
L & W Mgmt/Public Use Mgmt	L & W Admin.	591.1	647.6	647.6	<p>Funds a PFT authorized clerk position. Only support for the director, deputy and administrative staff is the Director's Secretary who must process mail, handle filing, typing, phones and appointments, plus dealing with walkins, etc.</p> <p>Additional travel funding will provide for participation of upper level management in key decision making meetings and increase states ability to deal one on one with other federal, state, local and Native land managers in determining and protecting the states interest on critical issues.</p> <p>Provides additional funding for fixed costs and key studies as well as for the administration of seven projects that came to the division as a result of the merger of Division of Research and Development with Division of Land and Water Management.</p>
L & W Mgmt/Public	District	561.7	665.4	665.4	<p>Funds vacant authorized PFT Clerk Typist II in Anchorage and Clerk Typist II in Fairbanks. Clerical assistance will allow project managers to focus on providing direct service to public instead of performing administrative support tasks. Clerical staff is critical in meeting support requirements necessitated by short turn-around time in providing public service.</p> <p>Provides for an additional \$30.0 for fixed costs in operating the Northcentral District Office.</p>

DEPARTMENT OF NATURAL RESOURCES

BRU/COMPONENT	PROJECT/TITLE	SL 1	GOVERNOR		IMPACT OF FUNDING LEVEL INCREMENT/(DECREMENT)
			G. F.	Total	
L & W Mgmt/Public Use Mgmt.	Interdivisional Assistant	160.4	168.4	168.4	<p>Provides increased review and field inspection activity from Northcentral District for Plans of Operation and Enforcement of Leases on North Slope.</p> <p>Increase in field development activities with the incoming of new oil deposits and expansion of the Prudhoe Bay Development increases the need for field presence to protect state interest and assure that activities are progressing in accordance with approved plans of operation. FY 85 funding provides additional contractual funds for charter services on North Slope. Includes funding for limited base photo acquisition in cooperation with North Slope Borough of the development area.</p>
L & W Mgmt/Public Use Mgmt.	Resource Allocations	725.6	766.0	852.0	<p>Provides additional contractual funds for local involvement through public meetings, workshops and advertising within communities where new plans are being initiated. Coordination and review of plans and development proposals of other agencies and the private sector has increased as development activity on State lands gets underway. State plans near completion: Susitna Area Plan, Bristol Bay Cooperative Plan, SE Tidelands Plan, and Tanana Area Plan. Also either new or continued plans include Copper River Area Plan, Fairbanks Borough Trail System Study and Northwest Alaska Area Plan (area is more remote and will require additional travel and contractual funds to meet statutory requirements for planning and for public meetings).</p>
L & W Mgmt/Public Use Mgmt	Regional Resource Develop.	270.8	338.5	338.5	<p>Adds funding for vacant PFT authorized Clerk III Fairbanks and PFT authorized NRO II in Anchorage. This additional funding will allow the Division to maintain its planning schedule during FY 85.</p>
L & W Mgmt/Public Use Mgmt.	Plans Implementation Classification	865.6	902.3	902.3	<p>Adds funding for three authorized PFT vacant positions: one NRT II in Fairbanks, and two NRO II's in Anchorage. These personnel will assist in the classification process and in meeting the legislative mandate to complete the classification of lands within the unorganized borough by July 1, 1985.</p> <p>Additional funding will be used to meet statutory public notice provisions for classifying state land.</p>

DEPARTMENT OF NATURAL RESOURCES

<u>BRU/COMPONENT</u>	<u>PROJECT/TITLE</u>	<u>SL 1</u>	<u>GOVERNOR</u>		<u>IMPACT OF FUNDING LEVEL INCREMENT/(DECRIMENT)</u>
			<u>G. F.</u>	<u>Total</u>	
L & W Mgmt/Public Use Mgmt.	State Land Selections	139.1	173.9	173.9	Adds a college intern to assist in protecting the public's interest by monitoring changes in land status as Alaska Native Claims Settlement Act lands are conveyed and in challenging unsubstantiated claims which may threaten the selection of remaining state lands as well as previously selected lands. Additional funds provide for detailed investigative work on lands available for state selection and to solicit public input on future state selections.
L & W Mgmt/Public Use Mgmt.	Navigability	488.3	553.2	553.2	Funds vacant PFT authorize Clerk Typist III in Anchorage. Critical cases ongoing during FY 85 require indepth hydrological and historical research to protect state interest in the beds of navigable rivers.  Additional contractual funds money will provide a full time para-legal assistant instead of a part-time assistant to free up additional staff time to support actual data gathering efforts and ability to pursue state interests on a continuing basis.
L & W Mgmt/Public Use Mgmt.	ANCSA Easement	95.9	100.7	100.7	This level of funding provides full protection of state's interest on the ANCSA Easement issue.
L & W Mgmt/Public Use Mgmt.	Native Allotments	158.7	183.0	183.0	Additional contractual money will provide for para-legal assistance in resolving critical allotment cases and provide for necessary field examination in order to substantiate states position in protesting claims.  Predict increased work load as BLM and BIA continue to put more emphasis on this program.
L & W Mgmt/Public Use Mgmt.	Trespass Resolution	100.0	219.7	219.7	Starting as a new project in FY 84, this project will become fully operational in FY 85, with emphasised field activities and legal action. Adds funds for three authorized PFT positions in district offices to work full time on trespass cases. Activities will expand in FY 85 as the number of complaints received increases. The State can no longer ignore or reward encroachment on public lands.

DEPARTMENT OF NATURAL RESOURCES

<u>BRU/COMPONENT</u>	<u>PROJECT/TITLE</u>	<u>SL 1</u>	<u>GOVERNOR</u>		<u>IMPACT OF FUNDING LEVEL INCREMENT/(DECRIMENT)</u>
			<u>G. F.</u>	<u>Total</u>	
L & W Mgmt/Public Use Mgmt.	Dam Safety	147.4	416.3	466.3	Funds vacant authorized PFT Clerk Typist II in Anchorage to provide clerical support not now available. Contractual funds provided for detail inspection of dams requiring technical expertise not available in Division.
L & W Mgmt/Public Use Mgmt.	Land Exchange	57.8	181.2	181.3	Work will continue on existing projects, with federal agencies, Native corporations, municipalities and private owners.  Adds funding for vacant authorized PFT NRO II in Anchorage to allow work on priority exchanges. Additional contractual money to facilitate appraisal work.
L & W Mgmt/Public Use Mgmt.	Construction Realty Services	35.0	152.1	419.8	Includes funding for vacant authorized PFT NRO I in Fairbanks, NRO I in Anchorage, and an NRT II in Juneau to work directly on expediting major project requests for revenues, permits, rights-of-way, and other authorizations in order to meet critical project development priorities and construction schedules.
L & W Mgmt/Public Use Mgmt.	Material Sales	234.3	397.2	397.2	Adds funding for one vacant authorized PFT NRO I and one NRO I in Fairbanks, and a vacant authorized PFT NRT I/II in Juneau.  This project is a revenue producer for the State, having generated over \$36 million in material sales on the North Slope alone. Sales are anticipated to increase in FY 85 with emphasis on the oil and gas development areas, specifically the North Slope region. Funding will reduce the State's reliance on purchaser's honesty in reporting volumes taken and in meeting reclamation provisions in contracts through verification by field inspections.
L & W Mgmt/Land Conveyance	Contract Admin.	796.3	896.3	896.3	Adds funds for authorized PFT DPC III and I in Anchorage, and will provided additional funds for appraisals and inspections being conducted. Backlog processing timeframe for sale contracts and leases will be reduced to 3-10 months.

DEPARTMENT OF NATURAL RESOURCES

<u>BRU/COMPONENT</u>	<u>PROJECT/TITLE</u>	<u>SL 1</u>	<u>GOVERNOR</u>		<u>IMPACT OF FUNDING LEVEL INCREMENT/(DECRIMENT)</u>
			<u>G. F.</u>	<u>Total</u>	
L & W Mgmt/Land Conveyance	Municipal Entitlements	152.6	190.7	190.7	Adds funds for vacant authorized PFT NRO II Anchorage. At this level of funding division would be able to respond to conveyance priorities of municipalities in processing entitlements.
L & W Mgmt/Land Conveyance	FY 85 Land Disposal	897.1	1,041.9	1,041.9	Adds funds for vacant authorized PFT NRO I and CT III in Anchorage for clerical and technical support in preparing for disposals, and follow up coordination.  Additional contractual and travel funding will provide for more public hearings, notices, appraisals, publications and travel to sites during disposal staking to assist and monitor activity to prevent or resolve staking conflicts.
L & W Mgmt/ Land Conveyance	FY 86 Land Disposal Preparation	495.2	571.9	571.9	Adds funds for vacant authorized PFT CT II in Juneau to provide clerical support. Additional funds will allow for greater public involvement at the local level in determining disposal project design.

lba011284

ALASKA STATE LEGISLATURE  
BUDGET AND AUDIT COMMITTEE  
January 12, 1984  
4:10 p.m.

(Tape LBA 84-1, Side 1)

CALL TO ORDER

Chairman Bettisworth called the meeting of the Legislative Budget and Audit Committee to order at 4:10 p.m., January 12, 1984, in the House Finance Committee Room, Capitol Building, Juneau, Alaska.

PRESENT

The following committee members were in attendance:

Representative Bettisworth  
Representative Duncan  
Representative Martin  
Representative M.W. Miller  
Representative Ward  
Senator Fahrenkamp  
Senator Faiks  
Senator Fischer  
Senator Josephson  
Senator Sackett

Representative Adams and Senator Mulcahy were not present.

ALSO PRESENT: Dave Rose, Executive Director, Alaska Permanent Fund Corporation; Jerry Wilkerson, Legislative Auditor, Legislative Audit Division; Jim Griffin, Joe Thomas, Randy Welker, Robert Bilden, Carol Carroll, Don Drum, Sherry Stark, Dave Riccio, Merle Jensen, Keith Busch, Legislative Audit Division; Mike Creany, Director, Legislative Finance Division; Marylou Burton, Fiscal Analyst, Legislative Finance Division; Max Gifford, Aide to Senator Sackett; John Hartle, Aide to Senator Fischer; Jerry Schilz, Aide to Representative Grussendorf; Steve Frank and Marilyn Wilson, staff to committee.

APPROVAL OF MINUTES

Senator Josephson referred to the minutes of the Legislative Budget and Audit Committee meeting of October 24, 1984 noting that page 21 of the minutes did not denote his vote on the motion to approve RPL 05-84-0040. Chairman Bettisworth informed members that the minutes would be HELD until the next meeting in order to review the tapes for clarification.

## LBA COMMITTEE RULES AND PROCEDURES

Chairman Bettisworth referred members to a proposed resolution prepared by Legal Services which would call for a simple majority of a quorum to carry a proposition before the committee unless a larger vote is required by law (see attachment 1)

Representative Martin MOVED to accept the proposed resolution for the Legislative Budget and Audit Committee. Representative Duncan asked if it is clear that it takes six votes to release audits, revised programs, etcetera. Chairman Bettisworth stated it was his understanding that statute defines that provision and noted the resolution states "unless a larger vote is required by law". There being NO OBJECTION, it was so ordered.

### OIL EXPORT BAN PUBLIC EDUCATION PROGRAM

Chairman Bettisworth stated that he is requesting approval of a special appropriation by the committee at the request of Senator Murkowski. He said the Alaska Delegation has been successful in staving off the vote on the export ban for almost three months. Chairman Bettisworth referred members to the proposals from the Hannaford Company and from Robert L. Miller & Associates which include budget breakdowns for a public education program in support of the proposed Murkowski amendment to permit limited Alaskan oil imports (see attachment 2). Chairman Bettisworth stated the low bid was \$300,000 of which Legislative Budget and Audit would propose to fund one-half with the Governor's office funding the balance. He noted that there is only 30 days in which to act as the vote is to come up in February. He said the Alaska Delegation feels this public education program will have a significant impact in acquiring additional positive votes to hold the issue in abeyance for another year. He noted that if the vote ban is approved and put in place it will continue for a period of five years.

Senator Fahrenkamp said that if enough interest is shown, it may be possible to get a delay in action until possibly 1985. She said there was no optimism expressed as to the ability to in any way get over a maximum of 21 votes. Chairman Bettisworth said there are 21 key senators who are not committed who are potential positive voters for the state. He said the Congressional Delegation is not suggesting that approval of the public education program will make the difference to carry the vote positively in favor of the State of Alaska. Senator Sackett asked if this were part of the Chairman's planned trip to Japan. Chairman Bettisworth said that was correct. He said it is part of an overall effort by a lot of people in a lot of different areas. Senator Sackett stated that he has been to Japan twice, once at state expense to work on studies in fisheries processing and last year at his own expense. He said the question he has concerns the purposes and duties of the Legislative Budget and Audit Committee in the specific area of resource development and

promotion of resource development. He said he has researched every piece of legislation which was passed since 1971 when the Legislative Budget and Audit Committee was created looking for the duties and purposes of the committee. Senator Sackett said for the most part they include recommendations having to do with fiscal analysis, budget review and post audit functions. He said last year the committee discussed, and members were concerned with, the expenditure of funds made for the conference held on resource development held by the Budget and Audit Committee because of its question of jurisdiction. He said under law, and within internal rules, there are specific committees with specific duties. He said the Resources Committee and the State Affairs Committee have specific duties in this area. He said the Budget and Audit Committee has not had any regulation or law which he could find since 1971, when the Committee was created, which gives the Chairman authority to get involved in resource development, particularly when the Legislature is in session with other committees of equal jurisdiction. Senator Sackett said there are three people traveling to Japan of which two are involved in the resource area. He said Senator Fahrenkamp chairs the Resource Committee and Representative Cowdery is co-chairman of the Oil and Gas Committee. Senator Sackett stated that Chairman Bettisworth does not serve on either of those committees but is chairman of the Legislative Budget and Audit Committee which in his opinion has no jurisdiction and is against the rules and laws of which the Committee abides.

Senator Sackett noted that as a member of the Committee he strongly objects to the expenditure of Budget and Audit Committee funds for either the \$300,000 or for the travel funds necessary for the Chairman to travel to Japan and Korea when there are other areas from which the funding can come. He said whoever made the invitation can pay the bill, the House Leadership fund could pay the bill or the Chairman himself. Senator Sackett said it is not the duty of the Legislative Budget and Audit Committee and public funds contained within the budget to be paying the Chairman's expenses to Japan. Senator Sackett said as a member of the committee he felt the committee should discuss their duties and areas of responsibility. He said it has expanded and expanded depending on the direction of the specific chairman in office at the time. He said the committee is now involved in resource development when it is conflictory and against the rules of state government. He noted that he strongly objected to the committee's involvement. He said he did not object to the expenditure of funds; however, it must be done in a proper and legal form.

Chairman Bettisworth responded that he could understand Senator Sackett's concern and he personally did not view what they are proposing to do as resource enhancement or development. He said that definitely is within the purview of the resource development committees. He said instead it is a concern with regard to the revenue of the state of Alaska. He stated in this particular

case it is imperative that continuing dialogue occur concerning enhancing state revenues with Pacific Rim Countries, regardless of who is involved. Chairman Bettisworth said to date a few people have shown interest and made the effort to go ahead and take some action, not enough in his opinion. He felt they are filling a void and that is the reason he is involved. He noted that he is interested in this area and as Senator Sackett referenced, the committee has taken the direction from time to time in the interests of the chairman of the committee. In this respect, Chairman Bettisworth did not feel that they were operating much differently than in the past. He said he has checked to see if this is a proper function of the committee and has been assured that if it is the will of the chairman with the concurrence of the committee it is appropriate.

Senator Sackett said he disagrees with the last statement, that it is not within the jurisdiction regardless of what the chairman might personally wish to do. Senator Sackett stated that traditionally when in session, business is conducted through proper channels and appropriate committees. He said when the Legislature is not in session, the Legislative Budget and Audit committee has taken action on specific business; however, the chairman in this incident is getting into an area which is totally foreign to anything previously done by the committee. He said the Committee has gotten involved in investments, bonds, etcetera, but never been involved in promotion which will occur as a result of the trip to Asia nor into specific appropriations for areas of promotion back in Washington. He said the money is available but not through the Legislative Budget and Audit Committee.

Senator Josephson noted that the proposal did not denote what the source of funding would be and asked Chairman Bettisworth to enlighten the committee with regard to what the proposition entails. Chairman Bettisworth stated that he is proposing that the Budget and Audit Committee fund \$150,000 of a maximum of \$300,000. He said the Governor's office has indicated their interest in providing the balance of \$150,000.

Senator Fahrenkamp requested that there be an "at ease" to enable senate members to confer with regard to the request.

#### RECESS

Chairman Bettisworth called a recess at 4:23 p.m. The meeting was recalled to order at 4:40 p.m.

(Senator Faiks arrived at this time.)

Chairman Bettisworth noted that the points made by Senator Sackett had been considered and other methods of funding would be considered to accomplish the project in a timely fashion.

PERMANENT FUND INFLATION-PROOFING

Chairman Bettisworth referred members to a copy of a resolution prepared by the Permanent Fund Board of Trustees and adopted on July 22, 1983 (see attachment 3).

Senator Fischer MOVED to accept resolution number 83-8 defining Permanent Fund principal balance. He said under this resolution the Committee would be sustaining the resolution accepted by the Board of Trustees which defines the term "principal balance" used in the statutory computation of "inflation-proofing".

(Senator Josephson left at this time.)

Senator Faiks asked if you want a larger permanent fund and smaller dividend then would you support the Board of Trustees method or not support the resolution if you want a larger dividend and more liberal interpretation. Senator Fischer said this would put more money into the permanent fund. He said it might have the effect of limiting the amount available. He said he understood that the permanent fund dividend distribution would not exceed 50 per cent of income. Senator Faiks referred to some news articles which said in a couple of years there may be no dividend because the whole principal would be going back into the fund.

DAVE ROSE, DIRECTOR, ALASKA PERMANENT FUND CORPORATION, stated that the impact of the action is the question of whether or not to use the balance at the end of the year for computation of the inflation-proofing or some other average balance during the year. He said the law is somewhat unclear and the Trustees have taken the most parochial viewpoint with regard to the fund. He said they have taken the end of the year balance, the highest balance, and to that applied the inflation-proofing percentage. He said the impact of that action is to put more money into the Permanent Fund and leave less in the undistributed income account. He said it does not impact on the dividend program but does impact the undistributed income account. Mr. Rose said both the undistributed income account and permanent fund corpus are in the same account, that is the permanent fund. He said it is a bookkeeping transaction where some money transfers from the undistributed account into the permanent fund corpus. He said in a normal year the impact is roughly ten million dollars if you take the end of the year balance versus some other computed balance. He said the Trustees have taken the end-of-year balance simply because it is an audited, finite figure that is in the financials and is easily understandable. He said they have effectively created a mechanism whereby you can refer to published, audited, discernable data in the computation rather than some intermediate computations which may be subject to interpretation.

Senator Fahrenkamp asked what effect does the Legislative Budget and Audit Committee passing the resolution have. She asked if during a session, this is not a subject which should be decided by the Legislature. Chairman Bettisworth responded that this is a function which the Trustees could take on their own; however, they would like to have the Committee's sanction of their action. Mr. Rose said the Legislative Budget and Audit Committee is the oversight committee for the Permanent Fund and since this is an interpretation of law, the Trustees would like the Committee's approval of their action.

Senator Fahrenkamp asked what use is now made of the undistributed funds. Mr. Rose said they earn interest and the undistributed account is a buffer so if any one year dividends could not be met monies would come from the undistributed account first. He said if any one year inflation-proofing could not be met, then money would come out of the undistributed account secondly.

A roll call vote was taken on the MOTION to approve Resolution 83-8.

IN FAVOR: Bettisworth, Duncan, Martin, Miller, Ward, Fischer

OPPOSED: Faiks, Sackett

ABSTAIN: Fahrenkamp

The MOTION PASSED. (6-2-1)

(Senator Sackett and Senator Fischer left at this time.)

#### CAPITAL PROJECTS RAINY DAY ACCOUNT

Chairman Bettisworth informed members that to date, the Legislative Budget and Audit Committee has approved project funding in the amount of \$19,548,600 from the \$20 million appropriation provided to the Office of the Governor in Section 30, Chapter 107, SLA 1983. He stated that there is a request before the committee for the appropriation balance of \$451,400 to be used for data conversion in the Department of Natural Resources Land Records Information Project.

Representative Duncan MOVED to approve the request for \$451,400 for data conversion in the Department of Natural Resources. There being NO OBJECTION, it was so ordered.

#### REVISED PROGRAMS

Chairman Bettisworth referred to RPL 18-84-0149, Department of Environmental Conservation, Division of Environmental Quality Management, request to receive and expend \$130,000 in federal funds over a two-year period from Federal Clean Air Act 105 grant

funds, referring members to a memorandum dated January 12, 1984 from Mike Creany, Director, Legislative Finance Division (see attachment 4).

Senator Fahrenkamp requested that RPL 18-84-0149 be HELD for discussion.

Representative Martin MOVED that the following RPL's be approved:

RPL 05-84-0171 - Education - Division of Management, Law and Finance request to receive and expend an additional \$2,809,400 in federal funds for the Child Nutrition Programs.

RPL 05-84-4006 - Education - Division of Vocational Rehabilitation request to receive and expend an additional \$2,425 in federal funds for basic support.

RPL 05-84-4008 - Education - Division of Vocational Rehabilitation request to receive and expend \$255,378 in additional federal funds for support of the Disability Determination Unit (DDU).

RPL 06-84-0106 - Health and Social Services - Division of Mental Health and Developmental Disabilities request to receive and expend \$34,151 in federal funds for the Governor's Council for the Handicapped and Gifted.

RPL 06-84-0109 - Health and Social Services - State Office of Alcoholism and Drug Abuse request to receive and expend \$103,695 in federal funds for Alcohol Abuse Grants.

RPL 06-84-0128 - Health and Social Services - Division of Planning, Policy and Program Evaluation request to receive and expend \$79,394 in federal funds for Vital Statistics Cooperative Program.

RPL 06-84-0174 - Health and Social Services - Division of Public Assistance request to receive and expend \$52,184 in federal funds to enable the Certification and Licensing Unit to conduct additional inspections and surveys.

RPL 07-84-4085 - Labor - Division of Employment Security request to receive and expend an additional \$695,801 in federal funds from the U.S. Department of Labor, Employment and Training Administration.

RPL 45-84-0136 - University of Alaska - UAA-Anchorage request to receive and expend \$742,000 in program receipts and student fees available by the Great Alaska Shootout, First Interstate Classic (Hockey), and new Conferences and Continuing Education Program.

There being NO OBJECTION, it was so ordered.

Senator Fahrenkamp referred to the third paragraph of the cover letter for RPL 18-84-0149, Department of Environmental Conservation which states "Without adequate personnel to perform the various technical tasks associated with a PSD program, permits cannot be processed in a timely manner". She said this sounds as if the Legislature has not appropriated, through the budget process, adequate funds to address the needs of the Department. She said this bothers her and wanted to know if this subject came up in the Finance Committees and what action was taken. JAY HOGAN, DIRECTOR, DIVISION OF BUDGET REVIEW, OFFICE OF MANACEMENT AND BUDGET, stated that no previous funding has been requested or received for this position. Representative Duncan referred to page one, paragraph one of the memorandum from Commissioner Neve' to Peter McDowell which states the department was not notified of the availability of the funds until October 4, 1983.

Representative Martin asked what role this plays in Executive Order 78 and the permit process the Administration is now considering. Mr. Hogan responded that it is not clear but presumably some of the permits would be covered in the Executive Order. Representative Martin said he just received the packet from the Governor's Office yesterday and it looks good as a balance to HB 14. He said it would be prudent of the Committee to evaluate the Executive Order in conjunction with the Revised Program request. He asked that the Committee postpone action on the Revised Program. There being NO OBJECTION, it was so ordered and RPL 18-84-0149 was HELD for further consideration by the Committee.

#### AUDIT REQUESTS

Chairman Bettisworth informed members that the following special audit requests have been received:

- (1) Senator Faiks - Audit to determine the number of aircraft currently owned and leased by the State of Alaska
- (2) Representative Tischer - Audit of activities of the Department of Health and Social Services relating to operation of private rehabilitative services for troubled youth (e.g. Turning Point, Boys Ranch, Turning Point West, et al).
- (3) Senator Faiks - Audit to determine the costs for the Division of Vocational Rehabilitation to evaluate a client.
- (4) Representative Miller (Juneau) - Audit to review school district compliance with the One Percent Art law.
- (5) Senator Halford, Representative Liska, Representative Phillips - Audit of the Gruening Junior High School construction project.

(6) Senator Fischer - Legislature's sunset program. Chairman Nettisworth noted that this request would be HELD until Senator Fischer could discuss his request with the committee.

(7) Representative Adams - Audit of expenditures made under the appropriation to the Department of Education, Northwest Arctic School District, Construction of Facilities --Buckland, Selawik, Deering and Ambler.

(8) Representative Fritz - Audit of funding of the East End Road project.

There being NO OBJECTION, it was so ordered.

#### EXECUTIVE SESSION

Senator Fahrenkamp MOVED that the committee meet in EXECUTIVE SESSION for the purpose of discussing final and preliminary audits. There being NO OBJECTION, it was so ordered and the committee met in EXECUTIVE SESSION from 5:00 p.m. until 6:00 p.m.

(Representative Duncan left at this time.)

#### REGULAR SESSION

Senator Faiks MOVED that the committee reconvene in REGULAR SESSION. There being NO OBJECTION, it was so ordered and the committee reconvened in REGULAR SESSION at 6:00 p.m.

#### FINAL AUDITS

Representative Martin MOVED that the following final audits be released to the public:

DOA/Selected Accounting Controls  
DCED/F&G/Northern SE Regional Aquaculture Association

There being NO OBJECTION, it was so ordered.

Senator Fahrenkamp MOVED that the following preliminary audits be released to the appropriate agency for response:

Department of Commerce and Economic Development  
DOTPF/Office of Governor/Covernor's Mansion Renovation  
DOA/MED-ALERT, Inc/Older Alaskan Commission and  
Municipality of Anchorage  
DOE/Div. of Vocational Rehabilitation and Access Alaska, Inc.  
DPS/Div. of Fish and Wildlife Protection, Aircraft Section  
DOA/Anchorage Pioneer's Home  
DOE/Southwest Regional School District and  
Lake Peninsula School District  
DNR/Div. of Agriculture, Agricultural Revolving Loan Fund  
DCED/DCRA/Energy Programs

DCRA/Division of Municipal and Regional Assistance  
Department of Environmental Conservation  
DOL/Unemployment Compensation Fund  
DCRA/Comprehensive Employment Training Act  
DCED/State Bond Committee General Bonded Debt and Debt Service  
DCED/Alaska State Board of Public Accountancy

There being NO OBJECTION, it was so ordered.

AUDIT REQUEST

Senator Faiks presented the Chairman with a special audit request to provide a breakdown of travel by agency for the years 1980 through the first half of 1984, split between the first six and second six months of the year. There being NO OBJECTION, it was so ordered.

(Senator Fahrenkamp left at this time.)

COMMITTEE MEMBER COMMENTS

Representative Martin referred to release of audits to agencies and asked when the committee can anticipate a response. JERRY WILKERSON, DIRECTOR, LEGISLATIVE AUDIT DIVISION, stated that the Committee directs that the agencies respond in 20 days. Representative Martin asked the Chairman if he could request of agencies that they respond to preliminary audits prior to the next regular meeting of the Committee. Chairman Bettisworth said the request could be made.

Chairman Bettisworth noted that he has tentatively established every Thursday for a meeting of the Committee.

ADJOURNMENT

The meeting adjourned at 6:10 p.m.

APPROVED BY COMMITTEE:

\_\_\_\_\_  
Representative Robert Bettisworth, Chairman  
Budget and Audit Committee

DATE: \_\_\_\_\_

655 Fifteenth Street, N.W.  
Suite 200  
Washington, D.C. 20005  
202/638-4600

Public Relations & Public Affairs

December 5, 1983

The  
Hannaford  
Company,  
Inc.

James F. Clark, Esq.  
Robertson, Wonagle, Eastlaugh & Bradley  
Post Office Box 1211  
Juneau, Alaska 99802

RECEIVED

DEC 09 1983

ROBERTSON, MONAGLE,  
EASTAUGH & BRADLEY  
JUNEAU, ALASKA

Dear Jim,

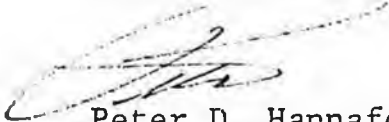
Attached, in response to your request, is an outline, timeline and budget for a public education program in support of the proposed Murkowski amendment to permit limited Alaskan oil exports.

The budget is presented in three levels, #1 being optimum with #2 and #3 being less comprehensive.

In addition to implementing the public education program we would be happy to assist with lobbying those senators on the target list with whom we have good ties and to make contact with key Administration officials.

Sincerely,

THE HANNAFORD COMPANY, INC.



Peter D. Hannaford  
Chairman of the Board

PDH:jlw

Attachment

cc: Pete Rouse  
Paul Boertlein  
Carroll Leggett  
Joe Norton  
John Wooster

ATTACHMENT 2

TWX/Telex 710/822-1152  
Los Angeles • New York • Sacramento • San Francisco • Taipei • Washington, D.C.

1-12-84

December 5, 1983

TO: Jim Clark

cc: Peter Rouse  
Paul Boertlein  
Carroll Leggett  
Joe Norton  
John Wooster

FROM: Peter Hannaford

SUBJECT: Public education plan  
re Alaska oil exports

### Background and Objectives

A Senate amendment, permitting limited export of Alaskan oil, will be made to the Export Administration act bill after Congress reconvenes January 23. Floor debate is expected to begin February 29. The House bill, without an Alaskan oil export amendment, has already passed. The strategy is to have the Senate amendment accepted by the conference committee, assuming passage in the Senate.

In addition to a comprehensive lobbying strategy, ALP wants to consider a public education program designed to develop a perception in Congress (and in the Executive branch) that limited oil exports are not only sensible, but are also gaining widespread support.

### Elements of the Program

#### 1. Media relations - national

- \* A team, consisting of an ALP executive and an HCo executive, would call on editorial page editors (EPEs) and business/finance editors of major newspapers serving the 17 target states listed in your Strategy Implementation memo: Massachusetts, Pennsylvania, West Virginia, Kentucky, Tennessee, Indiana, Illinois, Minnesota, Kansas, Texas, Oklahoma, Louisiana, Wyoming, Utah, Idaho, Oregon, California.

In addition, radio and television interviews would be scheduled for the ALP executive, whenever possible in the same cities.

- \* Senators Murkowski and Stevens and Governor Sheffield, as noted in the strategy Implementation memo, will send joint letters to major newspaper EPEs who have/have not endorsed oil exports, urging additional editorials and initial endorsement, respectively.

#### 2. Media relations - Washington, D.C. and New York

- \* HCo would develop media information kits for presentation to potentially supportive columnists and commentators.
- \* A Godfrey Sperling breakfast for an ALP executive or one of the Alaska senators. These are well attended, especially by bureau chiefs of newspaper chains and large regional papers.

Jim Clark  
Page Two  
December 5, 1983

- \* Op-ed articles (the Bandow one we are holding, for HUMAN EVENTS; a general one for national distribution, possibly bylined by Senator Murkowski).
  - \* Presentations to editorial boards (an ALP executive and/or one of the Alaska senators) of the Washington POST, Washington TIMES, USA TODAY, US NEWS & WORLD REPORT -- all Washington; and the New York TIMES, FORBES, FORTUNE, BUSINESS WEEK, WALL STREET JOURNAL, BARRON'S, TIME, NEWSWEEK, NATIONAL REVIEW -- all New York.
  - \* Interviews (at critical times) on McNeill-Lehrer, Nightline, Good Morning America, Today, CBS Morning News, All Things Considered (NPR), AP, UPI, UPI Radio, Mutual Radio, CSPAN, BIZNET.
3. Direct mail
- \* To target states, shortly after the introduction of the oil export amendment, in order to stimulate support letters to senators' offices.
4. Newspaper advertising
- \* First flight, late January in Washington and in major cities of target states.
  - \* Second flight, shortly before the floor debate begins, in Washington.
5. Media events
- \* National press release announcing the introduction of the amendment and the reasons for it.
  - \* Press conference in Washington to announce the formation of the National Advisory Committee on Oil Export.
6. "Merchandising" the news
- \* Mailings of favorable editorials and columns to all U.S. senators.
  - \* Mailings of favorable clippings to key officials of the Executive branch.
  - \* Mailings of favorable clippings to allies.

Jim Clark  
Page Three  
December 5, 1983

Timeline

Activity                      December 5-January 22    Jan. 23-31    February    March

1. Media relations, national:  
  
Media tours \_\_\_\_\_  
Senators' letters \_\_\_\_\_
  
2. Media relations Wash./NY:  
  
Media kits \_\_\_\_\_  
Sperling bkfst \_\_\_\_\_  
Op-ed articles \_\_\_\_\_  
Editorial boards \_\_\_\_\_  
Radio/TV interviews \_\_\_\_\_
  
3. Direct mail: planning, production Mailing \_\_\_\_\_
  
4. Newspaper advertising: planning production First flight Second flight \_\_\_\_\_
  
5. Media events: Natl. press release Press conference \_\_\_\_\_
  
6. "Merchandising" mailings: \_\_\_\_\_

The Hannaford Company, Inc. Public Relations & Public Affairs

Jim Clark  
 Page Four  
 December 5, 1983

<u>Budget</u>	<u>Level A</u>	<u>Level B</u>	<u>Level C</u>
1. Media relations Media tours	14,320	14,320	14,320
2. Media rel.-W/NY Media kits	500	500	500
3. Direct mail	438,433+	438,433+	--
4. Newspaper production	246,076* 3,000	150,559** 3,000	150,559** 3,000
5. Media events Press release & Press conference	500	500	500
6. "Merchandising" mailings	1,000	1,000	1,000
7. Miscellaneous & Contingency (Dec.-Mar.)	2,000	2,000	2,000
8. HCo professional services (est., Dec.-Mar.)	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>
	720,896	625,379	191,879

\* Standard Advertising Unit # (6 cols. x 21 inches) 28 key cities plus Washington

\*\* SAU #7 (5 x 14 column inches ~ same cities)

+ 30,000 pieces per state, average, @85¢/piece. Estimated return, 7-10%.

PROPOSAL

PUBLIC INFORMATION PROGRAM  
ON ISSUES RELATED TO THE  
BAN ON EXPORTATION OF ALASKA  
NORTH SLOPE OIL

January 1984  
Robert L. Miller & Associates

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## Introduction

There remains the possibility that Congress could take action this year, probably in late February or early March, to lift the ban on exportation of Alaska North Slope Oil. If advocacy efforts in Congress are to succeed, it is generally assumed they must be accompanied by a concentrated, highly organized and precise public information program.

A precise program is necessary because of the six-week period in which the program must be conducted if it is to aid the lobbying effort. Additionally, the program should have some activities that would yield longer-term benefits if the effort should be unsuccessful this year and must be mounted again in 1985 or 1986.

This proposal outlines a public information program with the understanding that specific elements would be subject to the approval of those individuals who have been most closely involved in the lobbying effort.

The purpose of this program is to advocate for the lifting of the ban on exportation of Alaska North Slope Oil, to explain the State's position on the issue and to address all the points raised by Congressional debate on the issue.

Even though there is a short period in which to mount a significant information program, it can be done. For maximum effectiveness, the program must be executed with surgical precision.

Robert L. Miller & Associates is familiar with the issue and would require no orientation time. Affiliate offices (Carlson Rockey and Associates) in New York and Washington, D.C., both of which have personnel who have a long standing relationship with Alaska, would enable the lobbying team's decisions to be implemented quickly on a daily basis and greatly enhance the program's effectiveness.

## PROGRAM

The following program will be directed by Robert L. Miller in consultation with the leaders of the lobby effort. Miller's affiliate, Carlson, Rockey and Associates, Inc., of New York City, Washington, D.C. and Los Angeles, could be called upon as necessary for program development and implementation. Carlson, Rockey has considerable Alaska experience. This program can be activated in short order and in an effective manner.

Elements of the program will include:

### Target States

A list of 17 target states has been developed, but to list the states here would seem somewhat self-defeating. As a practical matter, however, the program would be concentrated in those states and in Washington, D.C., for maximum effectiveness.

### Press Relations

Contact will be established with all key newspaper, syndicate, wire service, magazine, free-lance and electronic press nationally and locally in major cities and capital cities in the states important to legislative support.

Initial correspondence could be a joint letter from Senators Murkowski and Stevens and Governor Sheffield to papers which have endorsed oil export. Similar letters could be sent to editorial page editors of major newspapers who have not yet taken a position on the oil export issue.

Senators Murkowski and Stevens and Governor Sheffield will visit media outlets in the targeted states as opportunity arises or need requires. State legislators and others closely involved in the issue might also participate in such media visits.

### Press Kit

A press kit, or portfolio of information, will be prepared and distributed. The kit will include background information, position papers, photographs and transparencies.

Kits will be hand-placed with the most widely read and influential news and commentary outlets - the weekly news magazines, wire services, syndicates, New York Times, Wall Street Journal, Washington Post, the Washington D. C. bureaus of other major newspapers and the television network news departments. Some kits may also be hand-placed in some of the target states. Other kits will be mailed with telephone follow-up.

### State Contacts

There will be a survey of media outlets and influence leaders in the target states, the purpose of which is to update the key political, editorial, energy, environmental and business editors and the editorial boards of all the major newspapers, magazines and other publications, and the news directors and public affairs commentators of all TV and radio stations. When completed, the survey will facilitate the initiation of special information programs, media tours and speech platforms in target states.

### Op-Ed Pages

Scores of American daily newspapers have established op-ed pages where readers and others can express their views on a wide range of issues. Most of these newspapers will review unsolicited manuscripts. There has been some success in this area already, and circulation of op-ed pieces should continue, but on a more targeted basis.

### Television

Television is the primary medium for high impact in both specialized and mass consumer audiences. At least one high-quality video-taped newsclip should be produced for distribution to network and key state local stations. A longer version of the same videotape could be used for other presentations, but its primary purpose would be use on television.

### Radio

Both network and local radio offer opportunities for broad exposure of controlled messages from the Alaska point of view. Potential network programs include CBS's Perspective and Mutual's Suggested Solutions among other news-oriented segments.

Commercially taped programs targeted to stations in special states can be supplied radio stations on a regular basis and are

accorded wide use. A series of three five-minute tapes should be done and distributed.

#### Newspaper Editorials and Features

Editorials and mat feature stories should be prepared and distributed to weekly print publications in the targeted states.

#### Direct Mail

Direct mail to the target states, using precise mailing lists and emphasizing an easily understood message, should be a major part of the program.

The message will be developed in consultation with the leaders off the lobby and it must be carefully done for there will be time for only one mailing.

#### Brochures and Other Material

Brochures, position papers and whatever other printed material is deemed necessary to the lobbying effort should be developed and printed quickly so they can be used in the press kit and for other purposes.

## Personnel

Director of this program will be Robert L. Miller, an Alaska Resident for nearly 20 years. Since 1981 he has owned Robert L. Miller and Associates, consulting in public relations, communications and management.

His clients have included American President Lines and the Aleut Corporation, Anchorage's Downtown for People campaign, Alaska Bar Association, Alaska Lumber and Pulp Co., and two of the most visible political campaigns of 1982.

In 1979-1980, Miller managed an extensive nationwide public information program on the Alaska lands issue for the State of Alaska. He was manager of public affairs for Alyeska Pipeline Service Company during the pre-construction and construction phases of the oil pipeline project.

Prior to that he was press secretary to Alaska's governor in 1969 & 1970 and before that a reporter and columnist for the Anchorage Times.

Miller's affiliate, Carlson, Rockey and Associates, Inc., has offices in New York City and Washington, D.C.

Director of the New York office is Harry Carlson, president of Carlson, Rockey. A former UPI bureau chief in several western cities, Carlson has served in executive capacities with public relations counseling firms in New York City for the past 28 years. Among the clients for which he has been responsible in recent years are the Alyeska Pipeline Service Company, the City of Montreal, Southland Corporation, General Aviation Manufacturers Association and A.T. Kearney, Inc., Management Consultants. He is a member of the Public Relations Society of America, the International Public Relations Association, and the National Press Club. He has been awarded two Silver Anvils, the highest honor bestowed by the PRSA, for client projects. A native of Des Moines, Iowa, he attended Augustana College in Rock Island, IL.

Director of the Washington D. C. office, is Anne Banville, a public relations consultant serving corporate and business clients. She provides counsel in determining corporate communications programs to respond to government regulatory procedures.

Prior to establishing her own firm in 1972 Anne Banville was an associate of John Hoving, a Washington public relations consultant.

She was associated with the public relations consulting firm of Sullivan, Murray, Banville and Scheer; was a research associate with the American Bar Association, Washington, D.C. and public relations counsel for the Washington Hilton and Sheraton Park

Hotels. She became manager of the Carlson, Rocky and Associates Washington, D. C. office in 1978.

She is listed in Who's Who of American Women and Who's Who in Business and Finance. A native of Washington, D. C., she is a graduate of the University of Maryland and the University of Paris.

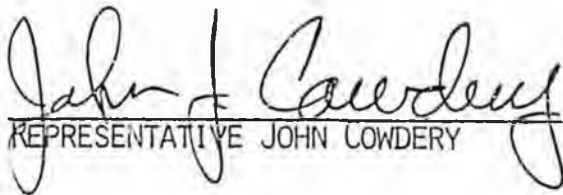
BUDGET

Professional Time	\$	30,000
Audio-Visual Production & Distribution		
Videotape		25,000
Radio		10,000
Press Kit, Production & Distribution		15,000
Print Editorials & Features		10,000
Brochures, other printed materials		20,000
Media Tours		10,000
Direct Mail		150,000
Out-of-Pocket Expenses		10,000
Contingency		<u>20,000</u>
TOTAL	\$	300,000

REPORT TO THE ALASKA LEGISLATURE  
OF THE  
LEGISLATIVE MISSION TO JAPAN AND KOREA  
JANUARY 14-21, 1984

  
SENATOR BETTYE FAHRENKAMP

  
REPRESENTATIVE ROBERT BETTISWORTH

  
REPRESENTATIVE JOHN COWDERY

JANUARY 24, 1984

## REPORT OF ALASKA LEGISLATIVE MISSION TO JAPAN AND KOREA

January 16 - 21, 1984

### I. Executive Summary

This report describes the legislative mission of Alaska State Senator Bettye Fahrenkamp, Representative Bob Bettisworth and Representative John Cowdery to Japan and Korea. The purpose of the mission was severalfold:

1. to return the visit of Japanese Diet members who visited Alaska in August 1983;
2. to join with Senator Murkowski in asking Japan and Korea to formally request Alaska oil from the United States government;
3. to let Japan and Korea know of the Alaska Legislature's intent to seek a long-term resource relationship, particularly in energy resources, with those countries, as provided in the communique signed during President Reagan's November 1983 trip to those countries; and,
4. to seek a summit meeting on energy between Japan, Korea, the Republic of China and the United States to formulate a plan for financing the construction of an Alaska gas pipeline and for the marketing of Alaska North Slope gas.

The briefing material contained in Appendix A was submitted to officials of each government.

The Export Administration Act, which contains the prohibition on the export of Alaska oil, may be considered in mid-February 1984 by the United States Senate. If Japan's and Korea's formal requests for the oil are to have an impact on Senate consideration, they must be made soon. The Alaska legislative mission and Senator Murkowski went to these countries at this time to show Alaska's solidarity in asking for a formal request and to stress the need for immediate action.

In Japan, we found continued interest in purchasing Alaska crude oil, if the law can be changed to allow its export. We recommend that Alaska continue to develop relations with our friends in the Japanese Diet who prescribe energy policy for Japan. The interest of these Diet members will insure closer

cooperation of the officials in the Ministry of International Trade and Industry (MITI).

With respect to natural gas, the Japanese continue to talk of an oversupply of gas extending into the 1990's. The Japanese look to private enterprise to perform any necessary marketing or financing studies. The MITI ministry appears to desire to operate solely within the United States-Japan Energy Working Group. This working group does not now favor an energy summit. Continued efforts with the Diet should be pursued to convince MITI to participate. Further, if Korea and Taiwan agree to a summit meeting, it would be difficult for Japan to refuse to attend.

The Koreans were very positive with respect to Alaska oil and gas. On oil, Energy Minister Choi stated that Korea wanted to purchase Alaska oil and that it would indicate that interest to the U.S. government. The Koreans favor an energy summit on gas and have taken preliminary steps with Korean private industry to participate in the financing and marketing study. We recommend increased efforts with the Korean government to encourage this continued positive attitude.

While the legislative mission did not visit the Republic of China, Senator Murkowski reports from his meetings there during the week of January 9, 1984, that the Republic of China's government has the same attitude as the Korean government with respect to Alaska oil and gas. Again, this attitude should be encouraged.

A word needs to be said about Alaska's Asian Office, which is located in Tokyo. It is the mission's impression that the Office is doing an excellent job. In the opinion of the mission, its effectiveness could be enhanced if offices were established in Seoul and Taiwan. We urge a review of this proposal by the Alaska Department of Commerce and Economic Development with a report by Commerce to the Legislature during this legislative session. Bill Overstreet, Director of the Alaska Asian Office, was with the mission in Japan and Korea. His assistance throughout was most helpful and appreciated. The mission is firmly committed to the Asian Office.

It is the observation of the authors of this report that Asians and students of American history recognize that the United States is entering the "Century of the Pacific." Alaska, as a central point in the Pacific Rim geography, should be an integral part of the future trade pattern of the Pacific Rim region. Further, it is our observation that the United States will not be Alaska's primary market in the years and decades to come. We believe that the real market for Alaska resources is the Pacific

Rim nations with which the United States has economic and strategic treaties (Japan, Korea and Taiwan).

Asian countries have historically looked to Southeast Asia for trade and commerce. Those countries must be made aware of Alaska's resources. This will take an effort by Alaskans. Moreover, Alaskans must be made aware of the market potential in Asia.

It is our perception that IF Alaska is to maintain its high production of hydrocarbons and IF Alaska wants to continue receiving the revenues it believes it needs, then the State leaders must plan for the future.

It is asserted by some economists and futurists that the center of world commerce has already shifted from the historic north Atlantic to the north Pacific Rim region. We believe this to be true and want our State to be aware of the potential, the opportunities and the hazards.

## II. Recommendations

It is the opinion of the Alaska legislative mission that for Alaska to realize the promise of that portion of the Reagan/Nakasone communique of November 1983, which calls for Alaska to be the focal point of an energy relationship between the U. S. and Japan and other countries on the Pacific Rim (most notably Korea and Taiwan), the State of Alaska must be an active party. Recognizing this, we recommend the following:

1. That, in cooperation with the Alaska Congressional delegation and the Governor, the Alaska Legislature take an active role in seeking to market Alaska's energy resources in the Pacific Rim, recognizing that such an undertaking will require the expenditure of funds and will probably take some time.
2. That the Alaska Legislature help promote an understanding of Alaska resources among members of the Pacific Rim legislative bodies. In particular, the Alaska Legislature should support Senator Murkowski's efforts to arrange an energy summit meeting between the United States, Japan, Korea and the Republic of China (Taiwan) with representatives from Alaska in attendance.

3. That the Alaska Legislature assist the Governor and the Alaska Congressional delegation in seeking to lift the ban on the export of Alaska crude oil, including the expenditure of funds for Congressional lobbying and general education efforts, recognizing that this may take some time to achieve.

If Congress fails to lift the ban on the export of Alaska crude when the issue is debated by the Senate in February, all appropriate action should be undertaken by the State of Alaska, assisted by the Alaska Congressional delegation, to permit the export of a portion of the State's royalty crude oil. Such actions may include a request by the Governor for an export permit for State royalty crude oil, as suggested by Senator Murkowski, or a lawsuit to establish the State's right to sell its own oil, as suggested by Congressman Young.

4. That the Alaska Legislature support the efforts of private groups to arrange marketing for Alaska's gas and financing for a gas pipeline, including marketing the gas to the Pacific Rim countries. The Alaska Legislature should consider procedures which would require that any foreign companies which obtain contracts to help build the natural gas pipeline are from those countries which have agreed to provide markets for the gas or financing for the gasline.
5. That the State of Alaska take all appropriate measures to assure that shipments under existing coal contracts take place on schedule and that additional opportunities for the sale of Alaska coal be found. In proposing this, the Alaska legislative mission recognizes that large scale coal contracts with Pacific Rim countries cannot be expected to occur earlier than the mid-1990's. However, some assurance of sales at this time would be of great assistance to the Legislature in making proper decisions for construction of the infrastructure needed for coal development.
6. That the mission of Alaska's Asian Office be expanded to aggressively market Alaska's resources on the Pacific Rim. In this regard, we envision its mission as similar to that which the Ministry of International Trade and Industry provides for Japan. To perform this function, Alaska's Tokyo office would have to be upgraded and offices established in Seoul and Taiwan. Given the interest in Alaska's resources we have seen in Japan and Korea, the money expended would be a wise investment. We recommend that the Alaska Department of Commerce and

Economic Development study this proposal and report back to the full Legislature before the end of this legislative session.

### III. Discussion of Trip Details

The mission left Juneau for Anchorage on January 13, 1984. That evening, the mission attended a dinner, in Anchorage, hosted by Consul General Huang of Korea. Consul General Inamura of Japan also attended. Energy matters were discussed in general terms. The main purpose of the dinner, however, was to confirm the arrangements for the trip. The mission very much appreciated the information provided by the Consuls General.

Japan. The mission left Anchorage on January 14th and arrived in Tokyo on January 15th, having lost a day crossing the international dateline. January 16th was a holiday in Japan. The mission spent the day adjusting to the time change and attending a briefing by the Alaska Asian office.

On the evening of January 16th, Senator Murkowski and the Alaska legislative mission had dinner at Bill Overstreet's home, for the purpose of preparing for the meetings. It was decided that Senator Murkowski would introduce the legislative mission then Senator Fahrenkamp, as the mission's senior member, would make the following points:

1. The mission was returning the August 1983 visit of the Diet with the idea of continuing such exchanges in the future;
2. The mission felt it was in the interest of both Japan and Alaska to work to implement that portion of the November 1983 communique of President Reagan and Prime Minister Nakasone which cited Alaska as the focal point for an energy relationship between Japan and United States;
3. The mission recognized that achieving Alaska's position as the focal point of an energy relationship will take time and commitment, which Alaska, for its part, is willing to pursue;
4. The mission endorsed the efforts of the Congressional delegation to change that portion of the Export Administration Act which precluded the export of Alaska oil and to arrange for an energy summit meeting.

It was agreed that Senator Murkowski would address these subjects on behalf of the combined group.

The first meeting on January 17, 1984 was a briefing by U.S. Ambassador to Japan Mike Mansfield. After Senator Murkowski had introduced the legislative mission, Ambassador Mansfield gave an in-depth and exceptionally knowledgeable review of oil and gas issues from both the U.S. and Japanese perspectives. He stated his unequivocal support for the export of Alaska crude oil to the Pacific Rim and promised to be of assistance in any appropriate way. He detailed the numerous publications and occasions in which he had made known his views on this subject. He is clearly a friend of Alaska.

On January 17th, the combined mission also met with MITI Vice Minister Komatsu, who is one of the two senior Japanese officials who sit on the U.S.-Japan Energy Working Group. After Senator Murkowski had made the introductions and Senator Fahrenkamp had made the introductory remarks (as noted above) on behalf of the legislative mission, Senator Murkowski made the following points to the Vice Minister:

1. The purchase of Alaska's energy resources would provide Japan an opportunity to redress its balance of payments problem with the U.S. in a way that opening its markets to U.S. citrus and beef cannot do;
2. The U.S. Senate would soon take up the Export Administration Act; thus, while Japan has informally indicated its desire to purchase 50,000 barrels per day (b/d), a formal request by the government of Japan for the oil would be very helpful in Senate debate;
3. The group felt that an energy summit between the U.S., Japan, Korea and Taiwan to discuss Alaska oil and gas would be a good means of implementing the Reagan-Nakasone communique as it pertains to Alaska energy resources.

Mr. Komatsu replied that energy is an area where Alaska and Japan can cooperate. Japan told the U.S.-Japan Energy Working Group that it wanted the oil. The Japan Refiners' Association said the same thing on its trip to Washington, D.C.; Mr. Komatsu said that constituted a "formal" request. Japan believes that lifting the crude oil ban is critical. However, it understands that lifting the export ban will be difficult in the short run. This must be a long-term effort.

Mr. Komatsu declared that the potential exists for Japan's purchase of liquified natural gas (LNG) from Alaska in the 1990's. The development of this potential is up to private enterprise in each country.

Mr. Komatsu said that coal is also the responsibility of private industry, although there are many more difficulties connected with this resource than with LNG.

Later, the combined delegation met with Mr. Nagayama of the Japan Refiners' Association and his staff. After Senator Murkowski and Senator Fahrenkamp had made their prepared presentations, Senator Murkowski stated that the Export Administration Act, including his amendment to allow the export of Alaska oil, will be debated in February. The Senator described the proposed amendment and advised Mr. Nagayama that there is strong objection by the maritime unions to the export of Alaska oil. If this objection can be overcome, there will be a market in the U.S. for replacement oil from Mexico and an opportunity for Japan to redress its balance of payments problems with the U.S. A formal request for the oil from Japan to the U.S. would help in the Senate debate.

Mr. Nagayama replied that he had made a request for the oil during his trip to Washington, D.C. Furthermore, he felt that the Japanese side had requested the oil during the U.S.-Japan Energy Working Group discussions. Mr. Nagayama said he understood that it would be politically difficult to pass the amendment.

Mr. Nagayama expressed concern about that portion of the Senator's proposed amendment that requires the oil to be shipped to Japan on U.S. flag tankers. He stated that he was concerned that this stipulation would make the price of the oil commercially unreasonable. It was subsequently suggested to Mr. Nagayama that the transportation cost would be absorbed at some point in the U.S. distribution system and thus Japan would pay no more than the market price for the oil. Mr. Nagayama replied that, even if the delivered price were the same, the U. S. tanker proviso precluded Japanese oil companies from using their tankers which were surplus to the present demand.

Dr. Nathaniel Thayer (Johns Hopkins University) responded that transporting the oil on American tankers provided security to the Japanese, because it would be an act of war to stop an American tanker. Mr. Nagayama acknowledged the point.

Mr. Nagayama then expressed concern that the proposed amendment would allow the oil exports to be suspended in case of an emergency. Senator Murkowski responded that Japan, as an OECD

nation, would receive oil pursuant to the International Energy Act were there to be an emergency.

Mr. Nagayama stated that he agreed that importing Alaska crude oil would go a long way toward resolving the problems created by Japan's bilateral trade imbalance. He also noted that he had spoken with people during his trip to the U.S. who had indicated that exporting Alaska oil was not a desirable way of resolving this imbalance; these individuals had cited the concern that oil exports would possibly take the pressure off Japan to resolve trade difficulties in other areas. He thus expressed concern that, even if Japan purchased the oil, U.S. criticism of the trade imbalance would continue.

Nevertheless, Mr. Nagayama believes that Japan should buy limited quantities of oil to reduce the balance of payments problem. Furthermore, he feels it is important to diversify Japan's source of supply and reduce its dependence on Middle East oil.

Senator Murkowski responded by saying that the efforts of the U.S. in Lebanon and the Middle East to secure peace were of more benefit to Japan, than to the U.S., because the U. S. is less dependent than Japan on oil from that area. Mr. Nagayama reiterated the desirability of a diversified oil supply but said it would be inappropriate for him to comment on the Lebanon situation.

There was some confusion on the Japanese side regarding the 200,000 b/d amendment. Mr. Takahashi asked if this represented royalty oil only. Senator Murkowski replied that the 200,000 b/d would include oil from all sellers, including the State. The Senator also said that an export volume of 200,000 b/d was selected because it would minimize the adverse impact on maritime employment; the Putnam, Hayes and Bartlett report prepared for Alaska Lumber and Pulp Co., Inc. (ALP) was cited as the source of this analysis of maritime employment impacts.

The Senator said it was only a coincidence that this 200,000 b/d was the same amount as the State's total royalty oil. Mr. Ishiyama, of ALP, later informed members of the group that because of the associated political good will, the Japanese are far more interested in purchasing State royalty oil than oil from the other producers. As Mr. Ishiyama understood it, this interest in gaining political goodwill was a major factor in the Japan Refiners' Association expression of interest in 50,000 b/d of royalty oil.

Representative Bettisworth told Mr. Nagayama that Alaska looked upon the oil export issue as a long-term proposition. He

said the Alaska Legislature expected to push hard to achieve oil export over whatever period it took to succeed. During this period he hoped that further visits between the Diet and the Alaska Legislature could be arranged.

The combined group then met with Mr. Murata, the Director General of the Economic Affairs Bureau of the Ministry of Foreign Affairs. After Senator Murkowski and Senator Fahrenkamp made their initial presentations, Senator Murkowski explained the amendment he intended to introduce to the Export Administration Act which would permit the export of a limited amount of Alaska crude oil.

Senator Murkowski told Mr. Murata that it would improve chances for the amendment's success if Japan would formally request the oil. The Senator pointed out that the State of Alaska was prepared to spend money to secure the amendment's passage. The Senator said that passage of this amendment would help the Japanese avoid criticism due to the balance of payments problem. The Senator then outlined his proposal for an energy summit.

Mr. Murata responded that Japan would like to purchase Alaska crude oil in order to diversify its sources of supply and to help its balance of payments problem. He stated that Japan was reluctant to make a formal request for the oil because it could be interpreted to be interference with the internal affairs of the U.S. (i.e., the deliberations on the Export Administration Act). Accordingly, the problem has "chicken and egg" aspects: Japan says the U.S. should make the oil available before it takes action to purchase it; Senator Murkowski wants Japan to indicate a desire to purchase the oil first.

Senator Murkowski stated that it would be very embarrassing if the U.S. lifted the oil export ban only to find that Japan was not interested in purchasing any oil. He stated that it was difficult to understand the rationale for Japanese refusal to make a formal request for the oil when Taiwan had agreed to do so. It was anticipated that Korea would do so, as well.

The Senator pointed out that the U.S. was securing Japan's oil supply, as well as that of the United States, by its actions to release Alaska oil for export. Thus, it was hard to understand why the Japanese invested in an energy project on Soviet Sakhalin Island rather than in an Alaska project. The Senator asserted that it would be much better if Japan invested in Alaska.

Mr. Murata asked what would happen if no amendment to the Export Administration Act allowing crude oil export was passed in February. Senator Fahrenkamp responded that Alaska would try again. She stated that the Alaska Legislature was prepared to spend money to lobby in support of this amendment, and also indicated that the Legislature recognized that it could take some time to achieve this end.

On January 18, 1984, the combined group met with Minister Okonogi, the Minister of International Trade and Industry. Senator Murkowski and Senator Fahrenkamp made initial remarks as outlined previously. Senator Murkowski then stated that purchasing crude oil from Alaska would help Japan reduce the balance of payments problem. The Senator declared that lowering the beef and citrus barriers to U.S. producers would not be sufficient to redress the balance of payments problem. The Senator stated that the answer to the balance of payments problem was not for the U.S. to restrict import of Japanese products, but for the Japanese to buy more U.S. products. The Senator then described his proposal for an energy summit as outlined above.

Mr. Okonogi replied that he will be in Washington, D.C. at the end of the month and these issues will be discussed then. Mr. Okonogi said he preferred using the U.S.-Japan Energy Working Group to the energy summit proposal, but would consider the proposal.

Senator Murkowski pointed out that Vice-President Bush has responsibility to follow through on the Reagan/Nakasone communique. He stated his intention to meet with the Vice-President concerning the energy summit.

The combined group then had lunch with three of the four Diet members who had visited Alaska in August, 1983: Mr. Watanabe, Mr. Harada, and Mr. Yosano. Mr. Kato, a Diet member who is interested in energy, also attended. Mr. Uetake, a former Diet member, was present as was Mr. Matsune, Chairman of Alaska Kai. In addition, Mr. Nakayama, senior counselor to the Industrial Bank of Japan and a long-time friend of Alaska, and Mr. Ishiyama, the President of Alaska Lumber and Pulp Company, attended.

The discussion focused on the desirability of exchanging visits between Diet members and members of the Alaska Legislature. Senator Fahrenkamp expressed the view that Alaska was prepared, on its part, to take the actions necessary to implement that portion of the Reagan/Nakasone communique which calls for Alaska to be the focal point of an energy relationship between Japan and the U.S. Minister Watanabe stated that this was a worthwhile goal which he would be unable to pursue because of his

recent promotion to Minister of Health and Welfare. He stated that the other Diet members present were prepared to be helpful in the effort. In their various remarks, the Diet members expressed an interest in the energy summit proposed by Senator Murkowski and promised to consider it.

Following lunch, the Alaska legislative mission held a press conference with the Japanese press. Senator Fahrenkamp presented the points she had made in meetings with government officials. The press was extremely interested in Alaska oil and gas issues and the interview had to be terminated to allow the mission to take the flight to Korea.

Korea. On the evening of January 18th, the combined group was met at Kimball International Airport in Seoul by former Korean Energy Minister S. K. Lee. Mr. Lee is a strong advocate of development of Alaska's energy resources. The group was joined by Mr. T. J. Kim, another long-time friend of Alaska, at the Shilla Hotel.

The first meeting on the morning of January 19th was breakfast with the corporate leaders of Sun Il Corporation concerning its coal purchase contract with Usibelli Coal Company. The group was assured that the project was on schedule.

The combined group then received a briefing from Mr. Walter Lundy, economic counselor to U.S. Korean Ambassador Walker. Mr. Lundy briefly outlined the dramatic expansion of the Korean economy in the last ten years. The Korean economy is growing at a rate of approximately ten percent per year; much of this growth is attributed to the expanding domestic market. The Koreans are presently trying to enter the export market and participate in high-technology trade areas. In 1983, for the first time, Korea will have a favorable trade balance with the U.S. of approximately \$1 billion; the Koreans are extremely worried about this.

Mr. Lundy felt that the Korean government would respond favorably to the proposal that they make a formal request for oil and to the idea of an energy summit. He warned that, due to their recent prosperity, the Koreans had been deluged with requests to purchase foreign goods. The Koreans have sufficient energy in the short run, but need assured, long-term energy supplies over the long run. Mr. Lundy viewed the creation of the five company consortium to participate in the marketing and financing study of Alaska gas as very favorable.

Mr. Lundy advised that, although there was no specific mention of Alaska in the November 1983 communique of President Reagan and President Chun (as there was in the Reagan/Nakasone

communique), the Reagan/Chun communique did contain a paragraph in which the United States pledged to be an energy supplier to Korea and to help Korea obtain energy resources in case of emergency. Mr. Lundy suggested that, in its discussion with the Korean government, the group point to this paragraph as the basis for its proposal that the Koreans make a formal request for Alaska oil and an energy summit meeting. Mr. Lundy stated that the embassy would provide all possible assistance in achieving these goals.

Next, the combined group met with Minister of Commerce and Industry Kum. After Senator Murkowski and Senator Fahrenkamp had made their opening statements, Senator Murkowski urged that the Korean government make a formal request for crude oil from Alaska and that there be a four-nation energy summit meeting. Mr. Kum responded that while Korea was interested in purchasing energy resources from Alaska, the specifics of that discussion would have to await the group's meeting with Energy Minister Choi. Mr. Kum stated that Korea would buy the oil if the export ban were lifted and asked Senator Murkowski to explain the procedures for changing the law. Following Senator Murkowski's explanation, Senator Murkowski indicated why Alaska was looking to Pacific Rim as a market.

The combined group had lunch with National Fisheries Administrator Kang. After an exchange of introductions, Senator Murkowski applauded Korea's adherence to the 200-mile limit. He asked if the Korean government was interested in obtaining more joint ventures with Alaska fishermen as opposed to fishermen from elsewhere. The conversation centered on these two points.

In the afternoon, the combined group met with Ambassador Walker. The Ambassador stated his support for the export of Alaska crude oil and for the energy summit meeting. He also promised to do everything he could to assist in Korea's purchase of natural gas from Alaska. To that end, he planned to host a dinner for the Yukon Pacific officials, representatives of the five-company consortium which had agreed during Governor Hickel's visit in February 1984 to study the financing and marketing of Alaska gas. Senator Fahrenkamp thanked the Ambassador and explained that Alaska intended to aggressively market its resources on the Pacific Rim and to lobby for any necessary changes in federal law, and make any needed changes in state law, to achieve that end.

The combined group then met with Minister Choi, Minister of Energy and Resources. Senator Murkowski and Senator Fahrenkamp made opening remarks. Senator Murkowski asked that Korea make a formal request for Alaska oil and that there be an energy summit between the U.S., Korea, Japan and the Republic of

China (Taiwan). Senator Fahrenkamp asked the Minister to assist in making certain that the coal contracts between the Sun Il Company and the Usibelli Coal Company occur on schedule.

Minister Choi stated that Korea wanted to diversify its sources of energy supply. Korea would buy Alaska crude oil if it were made available and would seriously consider making a formal request for it. He said that while there was no current need for natural gas, because of purchases from Indonesia, his ministry's updated projections show a need by 1989. Accordingly, his ministry would assist private Korean enterprises in coordinating Korea's portion of the financing and marketing feasibility study. Minister Choi said that he is uncertain that shipments under the Sun Il/Usibelli contract would occur on schedule. The Minister said that he views favorably the proposed energy summit. He then asked Senator Murkowski to explain his proposed amendment to export crude oil and to describe the prospects for passage in the Senate.

Senator Murkowski gave a detailed account of the proposed amendment. He stated that changing the law would be a hard fought battle. Accordingly, he appreciated the Minister's consideration of the proposal that Korea make a formal request for the oil; he noted this would be a great help.

The group then met with Mr. Lee, Chairman of the Board of Samsung Corporation. Senator Murkowski noted that construction of the gas pipeline would involve assistance from companies such as Samsung. The Chairman stated that Samsung Corporation had always looked for natural resources, particularly in the United States, and more specifically, Alaska.

The combined group then met with the President of the Korean Electric Power Company, Mr. Park. After Senator Murkowski and Senator Fahrenkamp had made their initial remarks, Senator Murkowski stated that he hoped that the Sun Il/Usibelli coal contract would go forward as scheduled. He was assured by Mr. Park that it would. Senator Fahrenkamp then brought up the issue of all of Alaska's resources, focusing specifically on Alaska's energy resources. An informal discussion ensued regarding the opportunities for marketing those resources on the Pacific Rim.

At this point, Senator and Mrs. Murkowski left the group to return to the United States. Following departure of Senator Murkowski, the discussion continued led by Senator Fahrenkamp.

On January 20, 1984, the legislative mission met for breakfast to discuss the points it would make in its meetings during the day, all of which were with Korean companies interested in Alaska's energy resources and their construction

projects in Alaska. It was decided that Senator Fahrenkamp, as senior member, would make the following points at each of the meetings:

1. That the Alaska Legislature intended to make a major effort to market Alaska's resources on the Pacific Rim.
2. That the mission has come to Japan and Korea at this time to demonstrate the Alaska Legislature's support of the State's congressional delegation's effort to lift the ban on the export of Alaska oil to the Pacific Rim.
3. That this issue will be debated in Congress in mid-February and that the Alaska legislative mission believes that the ban on Alaska crude oil exports is inconsistent with Paragraph 12 of the communique between President Chun and President Reagan, which provided that the U.S. would be a reliable supplier of energy and would help Korea obtain stable energy supplies.
4. That the legislative mission urges the Korean government to contact the U.S. government to formally request the Alaska oil. In particular the U.S. Defense Department should be contacted regarding Korea's desire for the oil.
5. That Alaska has extensive natural gas supplies and that Senator Murkowski is trying to put together a four-country energy summit meeting to discuss financing and marketing of Alaska gas.
6. That the Alaska legislative mission understands that former Governor Hickel will be in Korea in February to discuss the natural gas issue. Ambassador Walker told the mission yesterday that he will help coordinate that visit with key industry leaders. The Alaska legislative mission supports this initiative.
7. That coal is one of Alaska's major resources; contracts have been entered to sell Alaska coal to Korea and the legislative mission is delighted to learn that arrangements for coal delivery are still on schedule. The Alaska legislative delegation would like to see more Alaska coal sold to Korea.
8. That a delegation from the Alaska Loggers' Association will be in Korea, in April, to discuss Alaska's timber resources and that the Alaska legislative mission urges the Korean business community to work with the Alaska

timber industry to sell more of Alaska's timber in Korea.

The Alaska legislative mission met with Fisheries Minister Kang for lunch. The Alaska legislative mission applauds the efforts made by the Korean fishing industry to comply with the requirements of the 200-mile limit and requests that the Korean fishing industry enter into more joint ventures with Alaska fishermen.

The mission then met with Mr. Kim, President of Ssangyong Construction Company. Senator Fahrenkamp made the remarks outlined above. Mr. Kim expressed the hope that Korea would enter into a long-term energy relationship with the United States. He stated that his firm had purchased some Alaska coal in connection with its cement plant operations, but the coal was wet and had to be mixed with other coals. Ssangyong is not now using Alaska coal.

Mr. Kim expressed his company's interest in any construction contracts which may arise from construction of the gas pipeline. Senator Fahrenkamp responded that it was her personal view that, in awarding such contracts, consideration would be given to companies of nations that participated in the financing and marketing of the gas and were themselves helpful in advancing the project.

The legislative mission then met with officials of the Doosan group, notably Mr. Keh. Senator Fahrenkamp made the points outlined above. Mr. Keh stated that Korea was interested in Alaska's resources. While Doosan was smaller than the big Korean trading companies, he was quite interested in those resources and also interested in participating in the construction of the gasline. Senator Fahrenkamp repeated her personal feeling that companies from countries advancing the project should be favored in contract awards.

The group met next with Mr. Cheon of Hyundai Construction Company. Hyundai is the largest of the Korean trading companies. Mr. Cheon stated that he had prior experience in construction projects in Alaska. He plans to be in Alaska in April. He expressed interest in construction of the gasline. Senator Fahrenkamp repeated what she had told the other companies. Mr. Cheon wanted to know if the Hyundai built the project, could it be paid in natural gas. Representative Bettisworth stated that in his opinion, this was the only way the project would work. General discussion about Alaska's potential then followed.

The legislative mission then met with Mr. Roh, Vice Chairman of the Federation of Korean Industries (FKI), which is similar to the Keidenren. Mr. Roh stated that approximately 400 of the largest Korean companies are members of FKI. The FKI makes recommendations to the government after reaching an internal consensus.

Senator Fahrenkamp delivered her prepared remarks, whereupon there was a general discussion about the desirability of Korea purchasing Alaska's energy and other resources. Mr. Roh stated that the business community was anxious to expand its activities in Alaska.

Following the FKI meeting, the legislative mission met with Mr. Lee, Vice-President of Daelim Construction Company. After Senator Fahrenkamp delivered her prepared remarks there again was a general discussion about construction activity in Alaska. Senator Fahrenkamp repeated her remark that any construction company that participated in the gasline would have to be from a country which participated in the financing and marketing study and was itself helpful in causing the project to happen.

In the evening, the group attended a reception hosted by Ambassador Walker for both the Alaska legislative mission and a U.S. Congressional mission also in Korea. During the course of this reception, members of the Alaska legislative mission had the opportunity to talk with members of the Korean National Assembly and with members of the U.S. Congress regarding these energy issues. In particular, there was an opportunity to talk with Congressman Jack Hightower of Texas. Congressman Hightower stated that the congressional attitude against exporting Alaska oil was not strongly held, although he doubted whether an export amendment would pass the Congress at this time because of the power of the maritime unions.

The members of the National Assembly noted that they were very anxious that the oil export ban be lifted and that Korea participate in the purchase of Alaska's energy resources. Members of the legislative mission also talked with Ambassador Walker and economic counselor Lundy and were promised all possible support from the embassy in assisting the legislative mission as it works to achieve its goal.

On Saturday, January 21, the Alaska legislative mission traveled to the South Korean demilitarized zone. The purpose of the trip was twofold: to view the demilitarized zone and to experience first-hand Korean life, which has been dramatically affected by its relationship with North Korea.

IV. Conclusion:

In conclusion, we believe that the objectives of the mission were accomplished. However, much more work needs to be done. In this regard, we would urge that the recommendations made in Section II of this report be adopted.

Offered: 1/19/84  
Referred: Rules

Original sponsor: Kerttula

Funding Information  
General Fund \$667,500  
Other Funds -0-  
\$667,500

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 348 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation for the  
7 operation of the legislature; and providing for an  
8 effective date."

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

10 \* Section 1. The sum of \$667,500 is appropriated from the general fund  
11 to the Legislative Affairs Agency for the operation of the Thirteenth  
12 Legislature-Second Session to be allocated as follows:

13 (1) television coverage of senate proceedings \$250,000

14 (2) modular furniture for the pressroom 42,500

15 (3) Senate Resources Committee for a lobbying  
16 effort to influence United States Senate  
17 action amending the Export Administration

18 Act to allow the export of a limited amount  
19 of Alaska crude oil 300,000

20 (4) operating expenses of the Senate Oil and Gas  
21 Committee 75,000

22 \* Sec. 2. The unexpended and unobligated portion of the appropriation  
23 made by this Act lapses into the general fund June 30, 1984.

24 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.-  
25 10.070(c).